MANDENI MUNICIPALITY
(KZN 291)
mSCOA ANNUAL BUDGET
2017/18 & MTREF



2017/18

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National City Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprise

Part 1 – mSCOA Annual Budget

1.1 Mayor's Report

SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY, HIS WORSHIP, COUNCILLOR SB ZULU ON THE OCCASION OF THE TABLING OF FIRST DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) AND BUDGET 2017/18 AT ISISBUSISIWE HALL ON 30th MAY 2017

Madam Speaker,
Deputy Mayor,
Chairperson of the MPAC,
Members of the Executive Committee,
Fellow Councilors,
Members of Traditional Councils within Mandeni,
Head of Administration,
Directors,
Municipal Officials,
Media and
Members of the Public at large,
Ladies and Gentlemen

It is indeed a great honour for me to present to you, the Final Municipal 5 Year IDP commencing in the 2017/18 Financial Year and Budget for 2017/2018 Medium Term Revenue and Expenditure Framework (MTREF) in terms of Section 25 of the Municipal Systems Act, 32 of 2000 as amended and Section 24 (1) of the Municipal Finance Management Act (MFMA) 56 of 2003 respectively.
In his opening statement, State President His Excellency, Mr Jacob Zuma as he delivered his State of the Nation address said: "President Oliver Reginald Tambo, would have turned 100 years old this year, had he lived." "In his honour, we have declared the year 2017, the year of Oliver Reginald Tambo- It is the year of unity in action by all South Africans as we move South Africa forward together."

Madam Speaker, South Africa as a Country is faced by a number of challenges and recently we have witnessed with shock, the brutal murders directed to women and children, whom are our mothers, wives, sisters and children and it has been reported that ***lesisihlava siye sahlasela naseMandeni*** where Ms Z Sishi from Macambini disappeared for a few days and her body was discovered a few days later at a sugarcane farm at eVutha. It is upon this Council to make any possible efforts in ensuring that these barbaric acts do not gain any momentum within our Municipality and the District. Therefore we are calling upon every citizen within Mandeni, especially men, to commit to confronting this challenge. Whatever efforts that we may embark on should not only be limited to protecting women and children but should also be very much about how can we best raise our male children to becoming better men in future.

On the 13 of April, beginning of the Easter holidays Madam Speaker, holidays, a strong wind accompanied by a storm caused havoc and destabilised the lives of our people. In the process a 24 year old youth from Macambini in Ward 08 was killed when a church wall collapsed killing him instantly, whilst 2 more victims sustained serious injuries and were rushed to the nearest clinic.
Again on the 14 of May, we experienced heavy rainfalls, which affected 60 houses across Mandeni.
Some of these households were completely destroyed, whilst some were partly destroyed. As expected Madam Speaker, the concern is that this disaster affected mainly the vulnerable people who are unfortunate and do not as yet have a proper houses. Our disaster and Risk Management was kept busy trying to provide relief to affected families.

Many access roads were damaged including the provincial ones, as such we are engaging the DOT to assist in rehabilitating the affected roads. Also in terms of the budget we are presenting here today, we have also made provision for repairs and maintenance of our roads.

Madam Speaker and fellow Councillors, it is with great pleasure that we table this IDP and Budget of the people of Mandeni during the celebration of Africa Month. This is very significant for our society in terms of self-identity ***ukwazi ngemvelaphi yethu*** and I call upon all of us to play part in teaching our young ones about our rich history as South Africans and our role as a country within the Continent of Africa.
Madam Speaker in two days' time we will commence with Youth Month (June) which will be characterised by a number of programmes to celebrate the role played by the Youth of South Africa when they fought against oppression by the apartheid government in 1976. It is opportune for us to teach our youth about history but we must also sharpen their skills and knowledge to take South Africa forward. We must do our best to empower our young so that they are able to dream big and achieve even better prospects in life especially in the economic sector.

Madam Speaker, I would like to extend our gratitude to the office of the Premier under the stewardship of Hon. W Mchunu, for having confirmed its commitment to assist Mandeni Municipality in terms of rolling out the KZN Youth skills development and graduate workplace placement project and we believe this programme will assist the Youth of Mandeni in terms of sharpening their skills and knowledge and will respond positively to the increasing number of unemployed graduates within Mandeni.

Madam Speaker, South Africa is facing difficult period in terms of its economic trajectory and we have seen our economy downgraded into junk status and this will affect investor confidence within the Country and Mandeni as well. It is important that we applaud the appointment of the new Minister of Finance, a resident of Mandeni, Hon. Malusi Nkanyezi Gigaba and knowing his strengths and capabilities we are very confident that he will turn around the current economic situation for better, I call upon all of us as Mandeni residents to rally behind him as it shall not be easy for him without us supporting him.

As we present this proposed IDP and Budget, we do so within the constraints of ever increasing needs and shrinking budget resources due to the economic climate and the challenges that still face the Country being unemployment, poverty and inequality. As such Madam Speaker, cost cutting measures continue to be the order of the day.

It is important that we note that our budget mainly consists of revenue in the form of Government Grants and other municipal own revenue which in the main are the rates. A small component of electricity and taxes, however the implementation of IDP solely depends on the revenue realised by the Municipality and we call upon residents of Mandeni to pay for services they are receiving in order for the Municipality to continue to deliver on its mandate, which is to deliver quality services to people in a sustainable manner.

Madam Speaker, Members of Council, Media and Community at large, it is an honor for me to deliver this Integrated Development Plan and Budget Speech 2017/18, First Draft Documents were tabled at Council on the 30th of March 2017 and immediately afterwards we embarked on stakeholders consultation on the drafts for further inputs and comments by such stakeholder including the community at large. The last consultative session was on the 23rd of May 2017 where the IDP Representative Forum noted the Final IDP and further recommended for its adoption by relevant Council Structures hence it was considered by EXCO on the 24th of May and is tabled today for final approval.

Madam Speaker, it is also important to note the critical role that can be played by the existing Traditional Councils within Mandeni in unlocking economic opportunities by availing land for development, which will benefit the local communities, especially in the agricultural sector. This will also assist in the establishment of District Agri-park as championed by the National Department of Rural Development and Agrarian Reform as it will open huge opportunities for streamlined avenues for local cooperatives to participate in the value chain. Most of the service delivery projects contained in the IDP are to be implemented within areas of ***Amakhosi aseNdlunkulu*** hence their role and support to the Municipality is crucial.

It is important that we are able as local government to showcase the achievements we have made in changing the lives of our people for better. Madam Speaker the list on achievements is endless however it is important that we make mention that thousands or our local people (both rural and urban) are now living in decent houses delivered under Human Settlements Housing Programme; thousands of households have access roads that link them with social and economic activities and services within and beyond Mandeni.

Thousands of households have access to clean water and sustainable sanitation programmes; thousands of households are now living in healthy environment through regular waste collections, cleaning of verges and grass cutting. Thousands of households are now having access to electricity; access to library services has improved; sporting facilities for local people are continuously being upgraded, safety of our local residents is continuously improved through establishment of Community Policing Forums, provision of Fire and rescue services as well as Disaster and Risk Management.

Thousands of job opportunities in the process have been created by both governments and private sector during the implementation of various infrastructure and social relief projects particularly in the commercial sector. As part of enhancing service delivery with cost curtailment in mind, we have procured a total fleet of 12 vehicles instead of leasing out fleet, which has proved to be costly.

Madam Speaker the Council at a Strategic Session held in September 2016 took a number of strategic decisions. Key amongst such decision was the establishment of Driver License and Testing Centre, which shall assist the Municipality in enhancing its revenue.

I can confirm that such project has been prioritised and allocated budget of R2.5 mil accordingly and I can confirm that the site has been identified and all other technical processes are unfolding.
The Municipality will continue with Service Delivery Programmes as we are busy with the construction of Chappies Sports field in Ward 14, we shall continue with the upgrade of Hlomendlini Bus Route, we will be commencing shortly with implementation of Highview Park Internal Roads Rehabilitation Project, we shall continue with the implementation of Electricity Projects in areas like Ward 3, 6, 9 and 10 (Inyoni/ Khanana Housing) through INEP Programme in reducing the electricity backlogs and as I speak today these projects are at Tender Stage.
The Municipality has put money aside in enhancing safety of our communities where over 400 streetlights will be put up across all 18 Municipal Wards over a period of 5 years.

The RDP housing roll-out with assistance by the Department of Human Settlements shall continue in Mathonsi Traditional Areas under Phase 2 Mathonsi Sundumbili covering Ward 5, 10 and 12; Inyoni/ Khanana Housing project as well as Macambini Phase 2 Housing Project covering Ward 1, 2, 8 and 9. As this Council we are engaging with the Department of Human Settlements to fast-track the process of prioritising Isithebe Rural Housing under Stage 2 which is actual implementation or construction of houses as the planning process has been completed.

The Council has also taken a decision to ensure that all Municipal Wards also have Community Halls and this approach will be implemented gradually as funds become available and I can confirm that the Community Hall in Ward 18 is nearing its completion and the process to build a Community Hall in Ward 13 is at Tender Evaluation Stage. Our five Year Draft IDP also indicates that few other halls will be built in other Wards during this term of office but prioritisation will be done accordingly during the Annual Reviews of the Municipal 5 Year IDP.
However, Madam Speaker it is important to emphasise that a situation where such facilities are also accessible to other people from other wards in waiting must be encouraged. Plans to establish a Modular Library in Ward 18 are still on course and the processes of establishing a Community Centre in Macambini are also on course. The municipality has also set aside over R4 mil to upgrade and improve Sport fields such as Machibini, Enembe or Dendethu and construction of Recreational Facilities.

The Municipality continues to roll-out various programmes under Expanded Public Works Programme (EPWP) in creation of jobs opportunities and fighting poverty across all 18 Municipal Wards. Currently the municipality is implementing Zibambele Programme which is funded through EPWP Incentives Grant; Food for Waste which is internally funded by the Municipality, Community Works Programme in partnership with both National and Provincial Cogta; Working for the Coast in partnership with the National Department of Environmental Affairs; Beach Stewardship Programme in partnership with WESSA and as a result over 800 jobs opportunities are created with a potential to grow to over 1500 jobs opportunities.
Other hundreds of jobs opportunities are continuously created through implementation of a number of Municipal and other government sector departments' projects such as roads, housing and construction of other facilities. The Municipality continues to support SMMEs through various programmes which also include skills development for SMMEs and support with start-ups material and R600 000 has been set aside for this activity.

Madam speaker, we have managed to put together a credible budget for 2017/18. Notwithstanding the global economic challenges, as predicted we have indeed reached the bottom of the cycle. There are signs of recovery as we have noted the CPI numbers have just gone down below the upper end target of 6 percent. This opens an opportunity to cut down interest rate as result hopes for economic growth of 1.3 percent.
The strength of the rand continues to defy all the doom and gloom predictions after the credit ratings downgrades. The job creation, while remains a challenge, the news of GM's disinvestment do not help the situation. However we remain resolute to fight this and all other social ills through the socio-economic transformation that is radical enough to give hope by immediately reviewing our policies to that effect. We have to identify our niche in the nine point plan designed to grow the economy.

During his State of the Nation Address, President Zuma called for a radical economic transformation to be implemented with haste in all sectors, especially in government.
We did not hesitate to embrace the new regulations on the Preferential Procurement Policy Framework Act 2006. Every project that is implemented through tender process must have a component or percentage that goes towards sub-contracting of local small contractors obvious in line with the thresholds and targeted special groups as guided by the new Regulations. Understanding our categorisation as a Category 2 Municipality, and our financial levels, during the review of the Municipal SCM Policy, the Municipality has considered the recommended R30 million tenders to be the starting point of sub-contracting to be a bit high and thus Council has agreed that R15 million shall be considered for subcontracted services at minimum 30 percent towards the designated groups and preferable the elements of joint ventures must be seriously encouraged.

We have identified areas that are a set aside for women and youth in particular including all designated groups. These projects include grass cutting, small component of construction such as side-walks and speed humps. To this end, the Municipality has started a contractor development programme that will target small local contractors.

As a focus area of government we continue to excel in the municipal standard chart of account (mSCOA) implementation. It is a great pleasure to announce that the draft budget was submitted in this format with a success result from National Treasury. We will not fail to transact come 1st of July this year. This successful submission follows a great deal of alignment with the very new generation of IDP. The adoption of this practice has early benefits of knowing each and every rand where it goes on the ground and which ward will benefit.
A new Integrated Development Plan has been drawn up for the next five years with input from all the 18 wards. The budget must be linked to the Integrated Development Plan, which requires approval together with the budget.

Revenue management still puts this Municipality under pressure due to low levels of collection. The high debt amount owed by customers is a course for concern to the sustainability of this Municipality. This is further compromised by the tariff setting that are not cost reflective. The delay in the adoption of the new valuation roll is adding to the lower base for revenue raising ability.

It is without a doubt that the expenditure must be cut to the bone. Unforeseen expenditures in most cases course the Municipality to deviate from its plans. Weather patterns and emergencies, high salary bill and commitments result in negative cash flows.

Having said all this let me now zoom into the core business of the day.

Madam Speaker, we announce that tariff increases for the 2017/18 financial year will be in line with the guideline CPI of 6.4% as determined by the Minister of Finance, with the exception of the electricity tariff which will be 1.88% as determined by National Electricity regulator of South Africa (NERSA). Increases to Rates, Refuse and other Municipal charges will be limited to 6.4%. Apart from the normal rebate that residential owners of properties receive, pensioners of 60 years and above as well as disabled pensioners receive a 20% rebate. Public Service Infrastructure and Agricultural properties continue receiving a 25% rebate compared to residential properties.

The equitable share has been gazetted to be R134 Million, which is 14.5 percent increase this year. The implication of all these in our revenue, result in a total of R218 million as an envelope for expenditure.

Employees related costs continue to claim the biggest share of the expenditure of the Municipality. This is sitting at 39.6 percent, just below the norm of 40 percent. We are not yet there in our endeavour to maintain 8 percent to cover the maintenance of fixed assets, currently sitting at 6.4 percent.

Municipal Infrastructure Grant (MIG) funding allocated to the Municipality for the 2017/2018 is R35.9 million. Projects are already registered to ensure the 100% spending of this grant. We continue to enjoy the support from Neighbourhood Development Programme Grant of R11.7 million this year accompanied by INEP grant with a similar amount. These are capital grants for projects on the ground. The internal contribution to assets amounts to R12.4 million.

Madam Speaker, the MFMA requires that Service Delivery Budget Implementation Plans (SDBIPs) for each function be approved by the Mayor not later than 28 days after approval of the budget. These SDBIPs are linked to the performance agreements of all Section 57 employees which have to be signed within the first month of the new financial year. These SDBIP's will reflect financial information, i.e. monthly projections by revenue source, monthly projections of expenditure and income for each function or vote, non-financial information, i.e. quarterly projections of service delivery targets and performance indicators, and detailed capital works plan for three (3) years. This further re-enforces the need to move faster towards implementing the Ward-based planning.

Cost curtailment measures continue as per our resolution. Hence the budget is largely informed by Circular 82.

Madam Speaker, in conclusion I would like to take this opportunity to express my sincere appreciation to the Acting Municipal Manager, Directors, Chief Financial Officer for their dedication and commitment to this budget process which started in August 2016 when the time schedule was approved by Council.

Our appreciation also goes to the citizens of Mandeni for the belief and trust they have on the Municipality, the ruling party and the other parties in Council that indeed we will deliver on the mandate given to us and we dare not fail them.

To this end Madam Speaker and the esteemed members I hereby table the 2017/2018 – 2019/2020 Budget and Medium-Term Revenue and Expenditure Framework for consideration and approval by the Municipal Council.

In conclusion I wish to state that this Budget Speech represents an executive summary of our Municipality's budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details therein.

It is with great pleasure that I present a total budget of R218, 704.000 which is over a quarter a billion. Madam Speaker, it is now my privilege and honour to propose to Council the 2017/2018, 2018/2019 and 2019/2020 Operating and Capital multi-year Budget together with the 5 year IDP (2017/18-2021/22), I therefore move for the adoption of the budget as per the resolutions set on page 439 of the agenda.

I THANK YOU.

_____

HIS WORSHIP: THE MAYOR
CLLR S.B. ZULU

1.2 Council Resolutions
Resolution No: C082

COUNCIL: 30/05/17

On the **30th May 2017** the Council of Mandeni Municipality met at Sibusisiwe Hall in Mandeni to consider the mSCOA Annual Budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1. The mSCOA annual budget of the Municipality for the financial year 2017/18 and the multi-year and single- year capital appropriations as set out in the following tables of the budget document:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
1.1.3. Budgeted Financial Performance(revenue by source and expenditure by type) as contained in Table15 on page 24; and
1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.

1.2. The financial position, cash flow budget , cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:

1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
1.2.4. Assets management as contained in Table 20 on page 33; and
1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.

1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves Schedule of Tariffs
1.3.1. Schedule of tariffs– as set out in Annexure B,

2. The Council of Mandeni Municipality, acting in terms of Section 24 of the local government: Municipal Finance Management Act (Act 56 of 2003) approves and adopts with effect from 1st July 2017 the amended budget related policies.
3. The Council resolves to approved the Service Level Standards as per MFMA circular No.72
4. The Council of Mandeni acting in terms of 23(1)(b) of the MFMA has considered the High level feedback assessment from Provincial Treasury of the Tablet Annual Budget for 2017/18 and that it has considered comments raised and has revised the Annual Budget.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74, 75, 78, 79, 82, 85 and 86 were used to guide the compilation of the 2017/18 & MTREF.

The main challenges experienced during the compilation of the 2017/18 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;
Aging and poorly maintained electricity, roads and municipal infrastructure;
The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
The continued difficulty in collecting all that is due to the municipality by consumers: and
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2017/18 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2017/18 & MTREF:

The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
The commitments made with Auditor General in maintaining the clean audit initiatives;
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.
In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the Annual Division of Revenue Act.

1.4 Municipal Standard Chart of Accounts (*m*SCOA)

The *m*SCOA Regulations apply to all municipalities and municipal entities with effect from 1 July 2017. Mandeni municipality has compiled its 2017/18 & MTREF Budget transacting across all the mSCOA seven segments. Furthermore, we have ensured a seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transacting. Mandeni municipality has tabled the 2017/18 &MTREF IDP and Budget in an mSCOA classification framework and the data string (IDP and Budget) have been uploaded to the LG Database portal on the 31st May 2017.
The municipality has also ensured that our main core system (SAGE Evolution) and all subsystems are integrating seamless.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2017/18 & MTREF

KZN291 Mandeni - Table A1 Budget Summary					
Description	**Current Year 2016/17**		**2017/18 Medium Term Revenue & Expenditure Framework**		
R thousands	**Adjusted Budget**	**Pre-audit outcome**	**Budget Year 2017/18**	**Budget Year +1 2018/19**	**Budget Year +2 2019/20**
Total Revenue (excluding capital transfers and contributions)	207 690	207 690	218 704	242 127	258 338
Total Expenditure	207 240	207 240	218 704	242 127	258 338
Surplus/(Deficit)	450	450	(0)	0	0
Capital expenditure & funds sources					
Capital expenditure	37 682	37 682	57 721	46 941	39 882
Total Budget	**244 922**	**244 922**	**276 425**	**289 068**	**298 220**

Total operating revenue has increased by 5.30 per cent or R11 million for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 10.71 and 6.69 per cent respectively, equating to a total revenue growth of R506.4 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R218, 7 million. Operational expenditure has grown by 5.53 per cent in the 2017/18 budget and by 10.71 and 6.69 per cent for each of the respective outer years of the MTREF. There has been a balanced budget in 2017/18 financial year of R0. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R57.7 million for 2017/18 has increased by 53.17 per cent more when compared to the 2016/17 Adjustment Budget. The capital programme decreases to R46.9 million in the 2018/19 financial year and then decreases in 2019/20 to R39.9 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

1.5 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 73 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariff policies of the Municipality.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	325	342	361
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	4 160	7 218	8 235
Dividends received						–	–	–
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services						–	–	–
Transfers and subsidies		139 308	139 308	139 308	139 308	152 744	169 732	181 408
Other revenue	2	605	605	605	605	517	584	615
Gains on disposal of PPE						–	–	–
Total Revenue (excluding capital transfers and contributions)		**203 740**	**207 690**	**207 690**	**207 690**	**218 704**	**242 127**	**258 338**

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure					
R thousand	1	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
Revenue By Source									
Property rates	2	28 937	28 937	30 789	14.08	32 451	14.08	34 203	13.24
Service charges - electricity revenue	2	17 186	17 186	17 270	7.90	18 202	15.36	19 185	15.18
Service charges - water revenue	2	–	–	–	-	–	-	–	–
Service charges - sanitation revenue	2	–	–	–	-	–	-	–	–
Service charges - refuse revenue	2	7 920	7 920	8 395	3.84	8 849	3.65	9 327	3.61
Service charges - other					-		-		–
Rental of facilities and equipment		305	305	325	0.14	342	0.13	361	0.13
Interest earned - external investments		3 570	3 570	3 000	1.37	3 162	1.31	3 333	1.29
Interest earned - outstanding debtors		7 500	7 500	4 160	1.60	7 218	2.16	8 235	2.54
Dividends received				–	-	–	-	–	–
Fines, penalties and forfeits		1 105	1 105	505	0.23	532	0.22	561	0.22
Licences and permits		1 255	1 255	1 000	0.46	1 054	0.44	1 111	0.43
Agency services				–	-	–	-	–	–
Transfers and subsidies		139 308	139 308	152 744	69.84	169 732	70.10	181 408	70.22
Other revenue	2	605	605	517	0.25	584	0.25	615	0.25
Gains on disposal of PPE				–	-	–	#DIV/0!	–	–
Total Revenue (excluding capital transfers and contributions)		**207 690**	**207 690**	**218 704**	**100%**	**242 127**	**100%**	**258 338**	**100%**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totaled R56.5 million or 25.81 per cent. This increases to R59.5 million and R62.7 million in the respective financial years of the MTREF.
The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page 106).

Operating grants and transfers totals R152.7 million in the 2017/18 financial year and steadily increases to R169.7 million by 2018/19. Note that there is an increase of 9.6 per cent for the 2017/18 financial year and the year-on-year growth is 11.12 per cent and then increase 6.87 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2						
Operating Transfers and Grants							
National Government:		**136 754**	**136 754**	**136 754**	**148 377**	**162 734**	**174 062**
Local Government Equitable Share		122 874	122 874	122 874	134 192	145 834	154 162
Finance Management		1 825	1 825	1 825	1 900	1 900	1 900
Municipal Systems Improvement							
EPWP Incentive		2 055	2 055	2 055	2 285		
Integrated National Electrification Programme		10 000	10 000	10 000	10 000	15 000	18 000
Other transfers/grants [insert description]							
Provincial Government:		**2 554**	**2 554**	**2 554**	**2 639**	**2 769**	**2 888**
Sport and Recreation							
Provincialization of Libraries		1 797	1 797	1 797	1 545	1 622	1 703
Recapitalisation- Community Library		757	757	757	1 094	1 147	1 185
Other transfers/grants [insert description]							
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Total Operating Transfers and Grants	5	**139 308**	**139 308**	**139 308**	**151 016**	**165 503**	**176 950**
Capital Transfers and Grants							
National Government:		**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert							
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Total Capital Transfers and Grants	5	**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**173 065**	**165 065**	**165 065**	**198 134**	**203 361**	**216 832**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.4 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 0.31 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.6 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy; for pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property
- In this regard the following stipulations are relevant:
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health
- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

The municipality has the valuation roll that was implemented in 2012, and over the years the municipality has been updating it through a supplementary valuation roll. The municipality is in a process of compiling a new valuation roll as the current roll has 4 years of its implementation. The municipality has requested an extension of a year on its current General and Supplementary Valuation from COGTA, as it was noted that the municipality will not be able to meet the compliance deadline for implementation of the new General Valuation Roll. The rates tariff for 2017/18 is proposed to be increased.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on the valuation roll implementation from 1 July 2012 and updated supplementary valuation roll is contained below:
As a result there will be a 6.4 percent increase in the rates tariff for 2017/18.

Public Service Infrastructure has been increases by 6.4 percent which is being phased out in terms of MPRA for 2017/18 which contributes to income forgone. The municipality has applied 25% Rebate/Phasing out discount for PSI properties as we are in the third year of phasing out as per Section 93A of MPRA as per transitional arrangement. Revenue forgone has increased from R726 000 in the 2016/17 Adjustment Budget to R1,6 million in the 2017/18 which has taken into consideration the phasing discount for PSI properties, as we are in the third (last)year of phasing out.

Property rates increased from R28.9 to R30.8 million in the 2017/18 financial year. A general tariff increase of 6.4 percent increase (guided by Circular 86) for property categories, excluding Industrial category with an increase of 6.4 per cent. The breakdown of the calculation applied in obtaining the budget amount has been included in the supporting document submitted. In calculating the properties rates budget, the municipality has taken into account the amendments of the MPRA.

Table 5 Comparison of proposed rates to be levied for the 2017/18 financial year

Property Category Use	Current Tariff 2016/17	Proposed Tariff 2017/18
Residential	**0.0118**	**0.0126**
Industrial	**0.0134**	**0.0143**
Commercial	**0.0201**	**0.0214**
Farms Agriculture Purpose	**0.0030**	**0.0031**
Farms Commercial Purpose	**0.0201**	**0.0214**
Farms Other than (i) and (ii)	**0.0188**	**0.0200**
State Owned Properties	**0.0188**	**0.0200**
Municipal Properties	**0.0000**	**0.0000**
Public Service Infrastructure	**0.0030**	**0.0031**
Public Benefit Organisation	**0.0000**	**0.0000**
Vacant land	**0.0189**	**0.0201**

1.7 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure on the 23rd February 2017 of 0.31 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2017.

Considering the Eskom increases, the consumer tariff had to be increased by 1.88 percent to offset the additional bulk purchase cost from 1 July 2017.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advice that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the (Inclining Block Tariff) IBTs as proposed by NERSA:

- Block 1 - The 2017/18 benchmarks were increased by the CPI inflation of 1.88%.
- Block 2 - The 2017/18 benchmarks were increased by the CPI of 1.88% as per the electricity tariff benchmark 1.88%
- Block 3 & 4 - The 2017/18 were increased by 1.88%, Increase is to compensate the capital programs to support the renewal of bulk infrastructure.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	78 - 86	76.76	78.20	27
51 - 350	103 - 110	103.39	105.93	329
351 - 600	147 - 155	114.04	116.18	547
>600	176 - 182	154.89	157.80	137

Service Charges- electricity revenue has increased from R17.2 million to R17.3 million in the 2017/18 financial year. Electricity revenue increase is due to monitoring the actual electricity billing for the current year and the agreement entered into between Tugela water works, and also we have taken into consideration the actual rate at which it increases as proposed in the NERSA guideline. Then revenue has been increased by R84 thousands which equated to 0.49 per cent. The breakdown of the calculation applied in obtaining the budget amount has been categorized in the inclining block tariff, and has taken into consideration the conversion to the prepaid system that the municipality is currently implementing for 2017/18 financial year. The has been a decrease in the number of households receiving above minimum service level in respect of electricity from 1053 to 1040 which is due to SAPPI houses which have been left unoccupied due to SAPPI's restructuring.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R2.2 million for 2017/18 will be necessary to steer the Municipality out of this predicament.
An increase in the sale of electricity has been effected due to the agreement entered into between the municipality and Umngeni water for the implementation of bulk supply for water scheme within Mandeni, as we are the supply authority. Therefore we have considered the maintenance cost and service fees associated to this services, it was then agreed that 10% top up from the invoice billed by Eskom will be billed from Umngeni water for the bulk purchases paid.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden. Electricity service has been budgeted at a deficit of R92 000 for 2017/18 financial year due to that the municipality has not determined its tariffs through the tariff modelling (cost reflective drivers). The municipality is in a process of determining its tariffs through the tariff modelling and determining all the cost drivers associated to providing this service which will then assist the municipality in ensuring that we maintain financial sustainability in the future.

1.8 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus.
Projected revenue constitutes of 8.4 million for billing to debtors and 5 million allocated from equitable share for free basic services thus totaling 13.4 million. Projected expenditure is 1.8 million which is allocated for the contactors (refuse removal truck) and free basic services R100 000 and employee cost at R2.1 million, thus projected surplus of R9 million.
A 6 per cent increase in the waste removal tariff is proposed from 1 July 2017. Higher increases will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

Service Charges- refuse revenue have increased from R7.9 to R8.4 million in the 2017/18 financial year. A general tariff increase of 6 percent has been proposed, also taking into account increase in number of properties that the municipality will be providing service for 2017/18.
An increase of 6 per cent would be counter-productive and will result in affordability, as it will also substantiate providing this service in a surplus.
Increase in number of households from 10508 to 11705, is taking into consideration additional properties through the Inyoni housing (low cost housing) that has been added and it contributes to the free basic services, as these are indigent beneficiaries.

1.8.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 6.4 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills								
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'	1							
Rates and services charges:								
Property rates		375.67	375.67	375.67	6.4%	375.67	398.21	422.10
Electricity: Basic levy		441.05	441.05	441.05	1.9%	441.05	476.00	609.32
Electricity: Consumption		2 003.43	2 003.43	2 003.43	1.9%	2 003.43	2 163.00	2 314.41
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.57	121.57	121.57	6.0%	121.57	129.00	136.74
Other								
sub-total		**2 941.72**	**2 941.72**	**2 941.72**	**–**	**2 941.72**	**3 166.21**	**3 482.57**
VAT on Services								
Total large household bill:		**2 941.72**	**2 941.72**	**2 941.72**	**–**	**2 941.72**	**3 166.21**	**3 482.57**
% increase/-decrease		**–**	**–**	**–**		**–**	**7.6%**	**10.0%**
Monthly Account for Household - 'Affordable	2							
Rates and services charges:								
Property rates		69.47	69.47	69.47	6.4%	69.47	73.64	78.06
Electricity: Basic levy		258.14	258.14	258.14	1.9%	258.14	279.00	298.53
Electricity: Consumption		398.19	398.19	398.19	1.9%	398.19	430.00	460.10
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal		121.59	121.59	121.59	6.0%	121.59	128.00	135.68
Other								
sub-total		**847.39**	**847.39**	**847.39**	**–**	**847.39**	**910.64**	**972.37**
VAT on Services								
Total small household bill:		**847.39**	**847.39**	**847.39**	**–**	**847.39**	**910.64**	**972.37**
% increase/-decrease		**–**	**–**	**–**		**–**	**7.5%**	**6.8%**
		-	-	-				
Monthly Account for Household - 'Indigent'	3							
Rates and services charges:								
Property rates								
Electricity: Basic levy								
Electricity: Consumption								
Water: Basic levy								
Water: Consumption								
Sanitation								
Refuse removal								
Other								
sub-total		**–**	**–**	**–**	**–**	**–**	**–**	**–**
VAT on Services								
Total small household bill:		**–**	**–**	**–**	**–**	**–**	**–**	**–**
% increase/-decrease		**–**	**–**	**–**		**–**	**–**	**–**

1.9 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type								
Employee related costs	2	67 960	67 960	67 960	67 960	72 961	76 900	81 361
Remuneration of councillors		12 580	12 580	12 580	12 580	13 700	14 440	15 278
Debt impairment	3	3 629	3 629	3 629	3 629	3 862	4 070	4 290
Depreciation & asset impairment	2	21 000	21 000	21 000	21 000	23 000	24 819	26 153
Finance charges		1 810	810	810	810	2 150	2 266	2 388
Bulk purchases	2	9 596	14 096	14 096	14 096	14 596	16 385	17 496
Other materials	8	14 924	14 804	14 804	14 804	18 288	19 276	22 342
Contracted services		16 352	18 102	18 102	18 102	13 594	14 944	15 733
Transfers and subsidies		11 150	11 150	11 150	11 150	10 650	15 685	18 722
Other expenditure	4, 5	44 740	43 110	43 110	43 110	45 903	53 341	54 575
Loss on disposal of PPE						–	–	–
Total Expenditure		**203 740**	**207 240**	**207 240**	**207 240**	**218 704**	**242 127**	**258 338**

The budgeted allocation for employee related costs for the 2017/18 financial year totals R72.9 million, which equals 33.36 per cent of the total operating expenditure. An annual increase of 5.4 and 5.8 per cent has been included in the two outer years of the MTREF. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

Employee related costs increased from R67, 9 million to R72.9 million which reflects an increase of 7.36 percent. As part of the planning assumptions and interventions, increase has been taken into consideration with regards to the current status of the positions filled as per the organogram and we have also prioritized few critical vacancies of which some will be advertised internally as part of promotion to internal staff. An increase of 7.4% is proposed as per the Salary wage agreement between SALGA.

Increase in employee related costs has also considered salaries that relates to grants, Finance Management Grant (FMG) for finance interns, Library Grant for the appointment of Cyber cadets and Municipal infrastructure grant (MIG) that relates to the PMU 5 percent top slice for the appointment of PMU staff and interns.
Increase in the number of position for other municipal staff increased from 230 in the 2016/17 Adjustment budget to 271 in the 2017/18 financial year, reflects 41 position which have been prioritized in 2017/18 financial year.

Employee related costs and remuneration of Councilor's have been budgeted at percentage of 39.62 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998) and is within the limits noted in Government Gazette No.39548. The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid for Councilors.

Remuneration of Councilors has increased from R12, 6 million to R13.7 million which reflects an increase of 6.3 percent. Increase in the remuneration of Councilors is due one additional councilor that has been added on our municipality due to an additional ward after demarcation results. Also increase in the remuneration of councilors is due to two Executive committee members who have been budgeted as permanent (1 EXCO member and Chief Whip) as per approval from COGTA.
The provision of debt impairment was determined based on an annual collection rate of 68 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year the additional amount equates to R3.9 million to R4.0 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. Budget allocated for provision of debt impairment has also considered write-off of old debt from Ingonyama Trust as we have noted that the municipality will not be able to recover the outstanding debt, also budget has been determined by the write off based on the level of indigent register.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R23 million for the 2017/18 financial and equates to 10.5 per cent of the total operating expenditure.

Finance Charges consists primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.99 per cent (2.2 million) of operating expenditure excluding annual redemption. The municipality has entered into finance lease for procuring municipal fleet with Wes bank for a period of three (3) years which has started in 2016/17 financial year (April 2017). Finance charges increases to 2.3 million in 2018/19 and increases to 2.4 million in 2019/20 financial year.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases have also taken into consideration 0.31 as proposed in NERSA guideline for 2017/18 financial year. Bulk purchases have increased from 14.1 million to

14.6 million in 2017/18, which is due to additional implementation of bulk supply for water within Mandeni.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2017/18 the appropriation against this group of expenditure has been increased by 11.9 per cent (R18.3 million) and continues to grow by 5.4 for the two outer years of which budget allocation is in excess of R19.3 million by 2018/19.
During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. Budget allocated for other materials in 2017/18 financial year is sufficient to cover the repairs and maintenance as the budget estimate for this item has considered the repairs and maintenance plan that is annually reviewed by the municipality.

Contracted Services have been identified as a cost saving area for the municipality. As part of the compilation of the 2017/2018 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced as the municipality is trying to reduce the outsourcing of services. The municipality took a resolution to perform some of these contracted services internally as assessments were done and reports reflected that the municipality can be capable of delivering these services.
For 2017/18 the appropriation against this group of expenditure has been decreased by 26.5 per cent (R13.6 million) and it has grown by 14.9 for the two outer years of which budget allocation is in excess of R15.7 million by 2018/19.

As part of the compilation of the 2017/18 MTREF this group of expenditure for Transfers and Subsidies was critically evaluated and operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R10.7 million and has decreased by 4.5 per cent.
As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/19 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies have been achieved. Growth has been reversed in this area indicating that significant cost savings have been already realized.

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

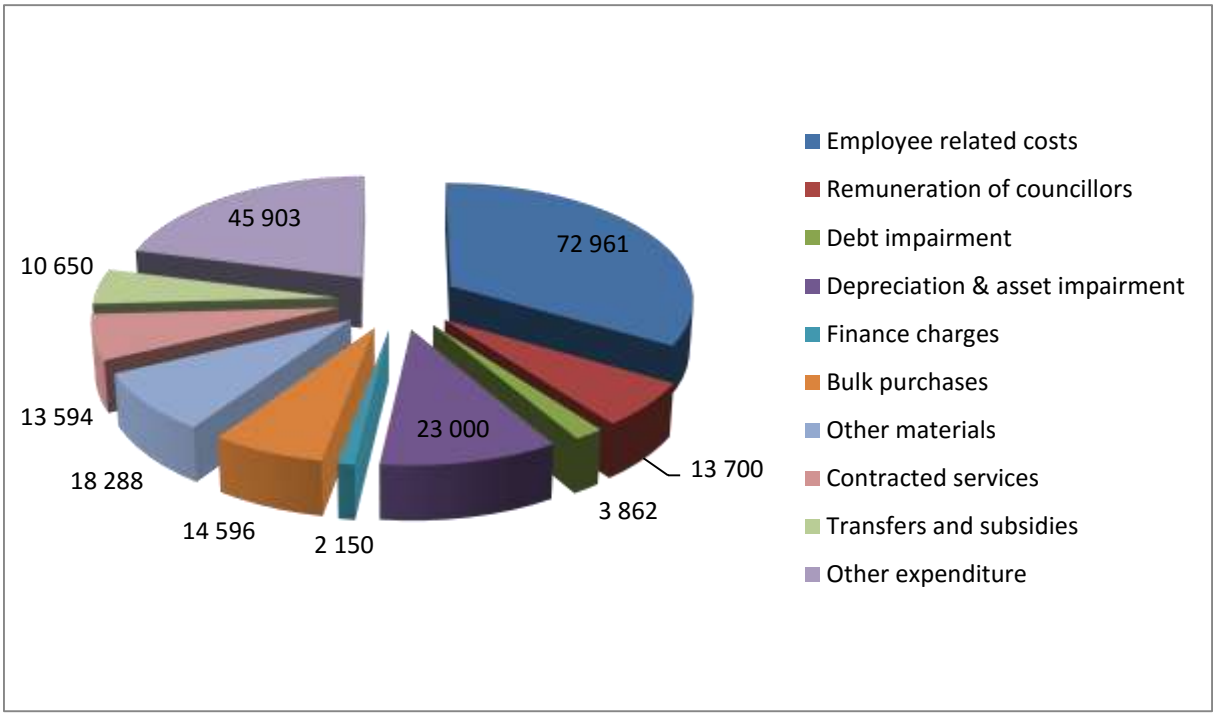


Figure 1 Main operational expenditure categories for the 2017/18 financial year

1.9.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'								
Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and Maintenance	8							
Employee related costs		11 553	11 553	11 553	11 553	12 403	13 073	13 831
Other materials		14 924	14 804	14 804	14 804	18 288	19 276	22 342
Contracted Services								
Other Expenditure								
Total Repairs and Maintenance Expend	9	26 477	26 357	26 357	26 357	30 691	32 349	36 173

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 16.4 per cent in the 2017/18 financial year, from R26.4 million to R30.7 million. The total allocation for 2017/18 equates to R30.7 million an increase of 16.4 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 5.4 and 11.82 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class							
Infrastructure					**21 670**	**22 841**	**25 126**
Community Assets					**3 858**	**4 067**	**4 286**
Other assets					**1 772**	**1 868**	**1 969**
Total Repairs and Maintenance Expend	1				**30 691**	**32 349**	**37 173**
R&M as a % of PPE		*7.0%*	*6.4%*	*6.4%*	*0.0%*	*0.0%*	*0.0%*
R&M as % Operating Expenditure		*13.0%*	*12.7%*	*12.7%*	*8.4%*	*7.3%*	*7.8%*

For the 2017/18 financial year 8.4 per cent or R30.7 million of total repairs and maintenance will be spent on infrastructure assets. Infrastructure assets have been allocated R21.7 million of total repairs and maintenance equating to 70.6 per cent, Community assets have been allocated R3.9 million of total repairs and maintenance equating to 12.57 per cent and other assets have been allocated R1.8 million of total repairs and maintenance equating to 5.8 per cent.

1.10 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 150 or more indigent households during the 2017/18 financial year, a process is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.11 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2017/18 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Single-year expenditure *to be appropriated*	2							
Vote 1 - Executive Council		–	–	–	–	10	–	–
Vote 2 - Budget & Treasury		–	–	–	–	–	–	–
Vote 3 - Corporate Services		2 160	1 560	1 560	1 560	400	–	–
Vote 4 - Planning and Development		8 665	4 265	4 265	4 265	19 608	7 178	–
Vote 5 - Health		–	–	–	–	–	–	–
Vote 6 - Community & Social		2 150	1 650	1 650	1 650	2 500	1 706	–
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Public Saftey		–	–	–	–	–	–	–
Vote 9 - Sports & Recreation		750	750	750	750	200	200	–
Vote 10 - Environment		200	200	200	200	–	–	–
Vote 11 - Waste Management		–	–	–	–	560	–	–
Vote 12 - Electricity		1 500	1 500	1 500	1 500	–	–	–
Vote 13 - Roads & Stormwater		35 757	27 757	27 757	27 757	34 443	37 857	39 882
Vote 14 -		–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**
Total Capital Expenditure - Vote		**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**

For 2017/18 an amount of R34.4 Million has been appropriated for the development of infrastructure which represents 59.7 per cent of the total capital budget. In the outer years this amount totals R37.9 million and increases to R39.9 million respectively for each of the financial years. Transport and roads receives the highest allocation of R34.4 million in 2017/18 which equates to 59.7 per cent followed by planning and development at 33.9 per cent, R19.6 million.

Total new assets represent 65.9 per cent or R38.0 million of the total capital budgets while upgrading of existing assets equates to 34.1 per cent or R19.7 million.

1.12 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary						
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousands	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance						
Property rates	–	–	–	30,789	32,451	34,203
Service charges	–	–	–	25,665	27,051	28,512
Investment revenue	–	–	–	3,000	3,162	3,333
Transfers recognised - operational	–	–	–	152,744	169,732	181,408
Other own revenue	–	–	–	6,506	9,730	10,882
Total Revenue (excluding capital transfers	–	–	–	218,704	242,127	258,338
Employee costs	–	–	–	72,961	76,900	81,361
Remuneration of councillors	–	–	–	13,700	14,440	15,278
Depreciation & asset impairment	–	–	–	23,000	24,819	26,153
Finance charges	–	–	–	2,150	2,266	2,388
Materials and bulk purchases	–	–	–	32,884	35,660	39,838
Transfers and grants	–	–	–	10,650	15,685	18,722
Other expenditure	–	–	–	63,359	72,355	74,598
Total Expenditure	–	–	–	218,704	242,127	258,338
Surplus/(Deficit)	–	–	–	(0)	0	0
Transfers and subsidies - capital (monetary alloca	–	–	–	45,321	35,964	37,888
Contributions recognised - capital & contributed as	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers &	–	–	–	45,321	35,964	37,888
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	–	45,321	35,964	37,888
Capital expenditure & funds sources						
Capital expenditure	–	–	–	57,721	46,941	39,882
Transfers recognised - capital	–	–	–	45,321	37,857	39,882
Public contributions & donations	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–
Internally generated funds	–	–	–	12,400	9,084	–
Total sources of capital funds	–	–	–	57,721	46,941	39,882
Financial position						
Total current assets	–	–	–	74,866	56,350	67,000
Total non current assets	–	–	–	457,640	460,927	483,853
Total current liabilities	–	–	–	33,487	8,451	8,794
Total non current liabilities	–	–	–	19,150	16,766	14,888
Community wealth/Equity	–	–	–	479,869	490,833	528,721
Cash flows						
Net cash from (used) operating	–	–	–	52,319	43,726	41,032
Net cash from (used) investing	–	–	–	(57,721)	(46,941)	(39,882)
Net cash from (used) financing	–	–	–	(2,795)	(1,300)	(1,500)
Cash/cash equivalents at the year end	–	–	–	6,547	2,032	1,681
Cash backing/surplus reconciliation						
Cash and investments available	–	–	–	6,547	2,032	1,681
Application of cash and investments	–	–	–	(990)	(7,662)	(14,490)
Balance - surplus (shortfall)	–	–	–	7,537	9,694	16,172
Asset management						
Asset register summary (WDV)	–	–	–	410,696	413,983	436,909
Depreciation	–	–	–	23,000	24,819	26,153
Renewal of Existing Assets	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	30,691	32,349	37,173
Free services						
Cost of Free Basic Services provided	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	1,627	1,714	1,807
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sewerage:	0	0	0	0	0	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2017/18, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional clas							
Functional Classification Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional							
Governance and administration		**159 318**	**159 318**	**159 318**	**168 106**	**183 269**	**192 683**
Executive and council		6 678	6 678	6 678	6 902	7 245	7 590
Finance and administration		152 640	152 640	152 640	161 204	176 024	185 093
Internal audit		–	–	–	–	–	–
Community and public safety		**5 347**	**4 347**	**4 347**	**4 265**	**4 483**	**4 695**
Community and social services		1 887	1 887	1 887	2 729	2 864	2 988
Sport and recreation		12	12	12	6	6	7
Public safety		3 448	2 448	2 448	1 530	1 613	1 700
Housing		–	–	–	–	–	–
Health		–	–	–	–	–	–
Economic and environmental services		**390**	**390**	**390**	**2 137**	**2 253**	**2 374**
Planning and development		390	390	390	2 137	2 253	2 374
Road transport		–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–
Trading services		**38 686**	**43 636**	**43 636**	**44 195**	**52 122**	**58 586**
Energy sources		25 766	30 716	30 716	30 800	37 273	42 260
Water management		–	–	–	–	–	–
Waste water management		–	–	–	–	–	–
Waste management		12 920	12 920	12 920	13 395	14 849	16 327
Other	4	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**203 740**	**207 690**	**207 690**	**218 704**	**242 127**	**258 338**
Expenditure - Functional							
Governance and administration		**100 713**	**100 713**	**100 713**	**103 589**	**114 348**	**121 092**
Executive and council		34 731	34 731	34 731	37 785	42 463	44 071
Finance and administration		65 982	65 982	65 982	65 804	71 886	77 021
Internal audit		–	–	–	–	–	–
Community and public safety		**26 160**	**26 160**	**26 160**	**31 603**	**33 310**	**35 173**
Community and social services		9 506	9 506	9 506	10 042	10 585	11 188
Sport and recreation		1 430	1 430	1 430	1 511	1 593	1 680
Public safety		15 223	15 223	15 223	20 050	21 133	22 305
Housing		–	–	–	–	–	–
Health		–	–	–	–	–	–
Economic and environmental services		**43 839**	**43 839**	**43 839**	**48 248**	**51 241**	**54 077**
Planning and development		26 750	26 750	26 750	27 476	29 415	31 040
Road transport		10 616	10 616	10 616	14 457	15 170	16 011
Environmental protection		6 473	6 473	6 473	6 315	6 656	7 026
Trading services		**33 028**	**33 028**	**33 028**	**35 264**	**43 227**	**47 996**
Energy sources		24 848	24 848	24 848	30 892	38 020	42 499
Water management		–	–	–	–	–	–
Waste water management		–	–	–	–	–	–
Waste management		8 180	8 180	8 180	4 372	5 207	5 497
Other	4	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**203 740**	**203 740**	**203 740**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit) for the year		**0**	**3 950**	**3 950**	**(0)**	**0**	**0**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal v							
Vote Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1						
Vote 1 - Executive Council		6 678	6 678	6 678	6 902	7 245	7 590
Vote 2 - Budget & Treasury		152 640	152 640	152 640	161 204	176 024	185 093
Vote 3 - Corporate Services		–	–	–	–	–	–
Vote 4 - Planning and Development		390	390	390	410	432	455
Vote 5 - Health		–	–	–	–	–	–
Vote 6 - Community & Social		1 887	1 887	1 887	2 729	2 864	2 988
Vote 7 - Housing		–	–	–	–	–	–
Vote 8 - Public Saftey		3 448	2 448	2 448	1 530	1 613	1 700
Vote 9 - Sports & Recreation		12	12	12	6	6	7
Vote 10 - Environment		–	–	–	–	–	–
Vote 11 - Waste Management		12 920	12 920	12 920	13 395	14 849	16 327
Vote 12 - Electricity		25 766	30 716	30 716	30 800	37 273	42 260
Vote 13 - Roads & Stormwater		–	–	–	1 728	1 821	1 919
Vote 14 -		–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–
Total Revenue by Vote	2	**203 740**	**207 690**	**207 690**	**218 704**	**242 127**	**258 338**
Expenditure by Vote ***to be approp***	1						
Vote 1 - Executive Council		34 731	34 731	34 731	37 785	42 463	44 071
Vote 2 - Budget & Treasury		47 728	47 728	47 728	47 455	52 546	54 571
Vote 3 - Corporate Services		18 254	18 254	18 254	18 349	19 339	22 451
Vote 4 - Planning and Development		37 366	37 366	37 366	27 476	29 415	31 040
Vote 5 - Health		–	–	–	–	–	–
Vote 6 - Community & Social		9 506	9 506	9 506	10 042	10 585	11 188
Vote 7 - Housing		–	–	–	–	–	–
Vote 8 - Public Saftey		15 223	15 223	15 223	20 050	21 133	22 305
Vote 9 - Sports & Recreation		–	–	–	1 511	1 593	1 680
Vote 10 - Environment		1 430	1 430	1 430	6 315	6 656	7 026
Vote 11 - Waste Management		8 180	8 180	8 180	4 372	5 207	5 497
Vote 12 - Electricity		24 848	24 848	24 848	30 892	38 020	42 499
Vote 13 - Roads & Stormwater		6 473	6 473	6 473	14 457	15 170	16 011
Vote 14 -		–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–
Total Expenditure by Vote	2	**203 740**	**203 740**	**203 740**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit) for the year	2	**0**	**3 950**	**3 950**	**(0)**	**0**	**0**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the municipality.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	325	342	361
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	4 160	7 218	8 235
Dividends received						–	–	–
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services						–	–	–
Transfers and subsidies		139 308	139 308	139 308	139 308	152 744	169 732	181 408
Other revenue	2	605	605	605	605	517	584	615
Gains on disposal of PPE						–	–	–
Total Revenue (excluding capital transfers and contributions)		**203 740**	**207 690**	**207 690**	**207 690**	**218 704**	**242 127**	**258 338**
Expenditure By Type								
Employee related costs	2	67 960	67 960	67 960	67 960	72 961	76 900	81 361
Remuneration of councillors		12 580	12 580	12 580	12 580	13 700	14 440	15 278
Debt impairment	3	3 629	3 629	3 629	3 629	3 862	4 070	4 290
Depreciation & asset impairment	2	21 000	21 000	21 000	21 000	23 000	24 819	26 153
Finance charges		1 810	810	810	810	2 150	2 266	2 388
Bulk purchases	2	9 596	14 096	14 096	14 096	14 596	16 385	17 496
Other materials	8	14 924	14 804	14 804	14 804	18 288	19 276	22 342
Contracted services		16 352	18 102	18 102	18 102	13 594	14 944	15 733
Transfers and subsidies		11 150	11 150	11 150	11 150	10 650	15 685	18 722
Other expenditure	4, 5	44 740	43 110	43 110	43 110	45 903	53 341	54 575
Loss on disposal of PPE						–	–	–
Total Expenditure		**203 740**	**207 240**	**207 240**	**207 240**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit)		**0**	**450**	**450**	**450**	**(0)**	**0**	**0**
(monetary allocations) (National / Provincial and District)		33 757	25 757	25 757	25 757	45 321	35 964	37 888
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**33 757**	**26 207**	**26 207**	**26 207**	**45 321**	**35 964**	**37 888**
Taxation								
Surplus/(Deficit) after taxation		**33 757**	**26 207**	**26 207**	**26 207**	**45 321**	**35 964**	**37 888**
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		**33 757**	**26 207**	**26 207**	**26 207**	**45 321**	**35 964**	**37 888**
Share of surplus/ (deficit) of associate	7							
Surplus/(Deficit) for the year		**33 757**	**26 207**	**26 207**	**26 207**	**45 321**	**35 964**	**37 888**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R218.7 million in 2017/18 and escalates to R258.3 million by 2018/19. This represents a year-on-year increase of 5.3 per cent for the 2017/18 financial year and 6.69per cent for the 2019/20 financial year.

Revenue to be generated from property rates is R30.8 million in the 2017/18 financial year and increases to R32.5 million by 2018/19 which represents 14.08 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the updated valuation roll (supplementary valuation roll) and proposed percentage increase. Although the Council decided to increase rates tariff, the market value of properties had an effect of an increase on rates.

Services charges relating to electricity and refuse removal constitutes the component of the revenue basket of the Municipality totaling R25.7 million for the 2017/18 financial year and increasing to R27.01 million by 2018/19. For the 2017/18 financial year services charges amount to 11.574 per cent of the total revenue base and grows by 13.57 per cent per annum over the medium-term. This growth has mainly been attributed by the increase in the bulk prices of electricity and the agreement between the Municipality and Umngeni water for the Thukela water works project.

Rental of facilities and equipment have been increased in the 2017/18 financial year from R305 thousand to R325 thousand with an increase of 6.4%. Budget amount has also considered the increase on rental tariffs that has been applied.

Fines have been decreased from R1.1 million to R505 thousands; decrease of 54.09 percent proposal is based on the 2016/17 adjusted budget actual performance of billing for fines. Budget estimate for this line item has been based on the actual performance as we are currently performing this service internally. This is the level in which the municipality anticipates to recover/collect fines once it has also determined the analysis of discount.

Licenses & Permits have been decreased from R1.3 million to R1 million for 2017/18 financial year; decrease of 23.08 percent is based on the adjusted 2016/17 adjusted budget actual performance. The amount budgeted has also considered the percentage increase of 6.4% for various license & Permits tariffs which has been considered in this budget.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the grants receipts from national government have been increased over the MTREF by 9.64 per cent and then increases by 11.12 percent to 6.88 per cent for the two outer years.

Bulk purchases have significantly decreased over the 2016/17 adjustment budget to 2017/18 period escalating from R14.1 million to R14.2 million. This increase is attributed to the substantial actuals in the cost of bulk electricity from Eskom and the realistic estimates for implementation of bulk supply by umngeni water.

Employee related costs and other expenditure are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and other expenditure increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Single-year expenditure *to be appropriated*	2							
Vote 1 - Executive Council		–	–	–	–	10	–	–
Vote 2 - Budget & Treasury		–	–	–	–	–	–	–
Vote 3 - Corporate Services		2 160	1 560	1 560	1 560	400	–	–
Vote 4 - Planning and Development		8 665	4 265	4 265	4 265	19 608	7 178	–
Vote 5 - Health		–	–	–	–	–	–	–
Vote 6 - Community & Social		2 150	1 650	1 650	1 650	2 500	1 706	–
Vote 7 - Housing		–	–	–	–	–	–	–
Vote 8 - Public Saftey		–	–	–	–	–	–	–
Vote 9 - Sports & Recreation		750	750	750	750	200	200	–
Vote 10 - Environment		200	200	200	200	–	–	–
Vote 11 - Waste Management		–	–	–	–	560	–	–
Vote 12 - Electricity		1 500	1 500	1 500	1 500	–	–	–
Vote 13 - Roads & Stormwater		35 757	27 757	27 757	27 757	34 443	37 857	39 882
Vote 14 -		–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**
Total Capital Expenditure - Vote		**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**
Capital Expenditure - Functional								
Governance and administration		**2 160**	**1 560**	**1 560**	**1 560**	**410**	**–**	**–**
Executive and council						10	–	–
Finance and administration		2 160	1 560	1 560	1 560	–	–	–
Internal audit						400	–	–
Community and public safety		**2 900**	**2 400**	**2 400**	**2 400**	**2 700**	**1 906**	**–**
Community and social services		2 150	1 650	1 650	1 650	–		
Sport and recreation		750	750	750	750	200	200	–
Public safety						2 500	1 706	–
Housing						–	–	–
Health						–	–	–
Economic and environmental services		**44 622**	**32 222**	**32 222**	**32 222**	**54 051**	**45 035**	**39 882**
Planning and development		8 665	4 265	4 265	4 265	19 608	7 178	–
Road transport		35 757	27 757	27 757	27 757	34 443	37 857	39 882
Environmental protection		200	200	200	200	–	–	–
Trading services		**1 500**	**1 500**	**1 500**	**1 500**	**560**	**–**	**–**
Energy sources		1 500	1 500	1 500	1 500	–	–	–
Water management								
Waste water management								
Waste management						560	–	–
Other								
Total Capital Expenditure - Functional	3	**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**
Funded by:								
National Government		33 757	25 757	25 757	25 757	45 321	37 857	39 882
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	**33 757**	**25 757**	**25 757**	**25 757**	**45 321**	**37 857**	**39 882**
Public contributions & donations	5							
Borrowing	6							
Internally generated funds		17 425	11 925	11 925	11 925	12 400	9 084	–
Total Capital Funding	7	**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding source necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS							
Current assets							
Cash					6,547	2,032	1,681
Call investment deposits	1	–	–	–	–	–	–
Consumer debtors	1	–	–	–	64,818	50,818	61,818
Other debtors					3,000	3,000	3,000
Current portion of long-term receivables							
Inventory	2				500	500	500
Total current assets		**–**	**–**	**–**	**74,866**	**56,350**	**67,000**
Non current assets							
Long-term receivables							
Investments							
Investment property					46,606	46,606	46,606
Investment in Associate							
Property, plant and equipment	3	–	–	–	410,696	413,983	436,909
Agricultural							
Biological							
Intangible					338	338	338
Other non-current assets							
Total non current assets		**–**	**–**	**–**	**457,640**	**460,927**	**483,853**
TOTAL ASSETS		**–**	**–**	**–**	**532,506**	**517,277**	**550,853**
LIABILITIES							
Current liabilities							
Bank overdraft	1						
Borrowing	4	–	–	–	1,210	1,300	1,500
Consumer deposits					1,585		
Trade and other payables	4	–	–	–	24,700	7,000	7,000
Provisions					5,992	151	294
Total current liabilities		**–**	**–**	**–**	**33,487**	**8,451**	**8,794**
Non current liabilities							
Borrowing		–	–	–	2,150	2,266	2,388
Provisions		–	–	–	17,000	14,500	12,500
Total non current liabilities		**–**	**–**	**–**	**19,150**	**16,766**	**14,888**
TOTAL LIABILITIES		**–**	**–**	**–**	**52,637**	**25,217**	**23,682**
NET ASSETS	5	**–**	**–**	**–**	**479,869**	**492,060**	**527,171**
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)					478,069	489,033	526,921
Reserves	4	–	–	–	1,800	1,800	1,800
TOTAL COMMUNITY WEALTH/EQUITY	5	**–**	**–**	**–**	**479,869**	**490,833**	**528,721**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
   Call investments deposits;
   Consumer debtors;
   Property, plant and equipment;
   Trade and other payables;
   Provisions non-current;
   Changes in net assets; and
   Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates					22,383	23,592	24,866
Service charges					18,659	19,666	20,728
Other revenue					1,846	1,985	2,092
Government - operating	1				152,744	169,732	181,408
Government - capital	1				45,321	35,964	37,888
Interest					3,208	3,523	3,744
Dividends					–	–	–
Payments							
Suppliers and employees					(179,042)	(192,786)	(208,584)
Finance charges					(2,150)	(2,266)	(2,388)
Transfers and Grants	1				(10,650)	(15,685)	(18,722)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**–**	**–**	**52,319**	**43,726**	**41,032**
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE					–	–	–
Decrease (Increase) in non-current debtors					–	–	–
Decrease (increase) other non-current receivables					–	–	–
Decrease (increase) in non-current investments					–	–	–
Payments							
Capital assets					(57,721)	(46,941)	(39,882)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**–**	**(57,721)**	**(46,941)**	**(39,882)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans					–	–	–
Borrowing long term/refinancing					–	–	–
Increase (decrease) in consumer deposits					(1,585)	–	–
Payments							
Repayment of borrowing					(1,210)	(1,300)	(1,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**(2,795)**	**(1,300)**	**(1,500)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**–**	**–**	**(8,197)**	**(4,515)**	**(350)**
Cash/cash equivalents at the year begin:	2				**14,744**	**6,547**	**2,032**
Cash/cash equivalents at the year end:	2	**–**	**–**	**–**	**6,547**	**2,032**	**1,681**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Increases (decrease) in consumer deposits of R1; 5 million in 2016/17 financial are the deposits that were paid by debtors for electricity connection. The municipality has converted the electricity to prepaid metering system; therefore deposits will be refunded to the debtors.
4. Repayment of borrowing for 1.2 million has considered an existing financial lease obligations which the municipality has entered into an agreement of leasing of printers as disclosed in the 2016/17 audited AFS.
5. Rental of facilities and equipment the municipality anticipates a 100 percent collection rate as rentals are collected prior the event and lease of municipal properties to employee are deducted on their salaries.
6. Interest on outstanding debtors a collection rate of 5 per cent has been applied, taking into consideration the implementation of prepaid system for electricity as the consumers are expected to clear the accounts before they convert to pre-paid.
7. Fines a collection rate of 1 per cent has been applied, as we have taken into consideration the current performance of actual cash collections for fines.
8. Licenses and permits a 100 percent collection rate has been applied due to their actual performance and performance of the traffic department.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available							
Cash/cash equivalents at the year end	1	–	–	–	6,547	2,032	1,681
Other current investments > 90 days		–	–	–	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–
Cash and investments available:		**–**	**–**	**–**	**6,547**	**2,032**	**1,681**
Application of cash and investments							
Unspent conditional transfers		–	–	–	13,700	2,000	2,000
Unspent borrowing		–	–		–	–	–
Statutory requirements	2				18,708	18,708	18,708
Other working capital requirements	3	–	–	–	(35,198)	(30,170)	(36,998)
Other provisions							
Long term investments committed	4	–	–	–	–	–	–
Reserves to be backed by cash/investments	5				1,800	1,800	1,800
Total Application of cash and investments:		**–**	**–**	**–**	**(990)**	**(7,662)**	**(14,490)**
Surplus(shortfall)		**–**	**–**	**–**	**7,537**	**9,694**	**16,172**

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)	5						
Roads Infrastructure					273 730	271 779	275 265
Storm water Infrastructure					800	1 000	1 200
Electrical Infrastructure					7 260	8 260	9 500
Water Supply Infrastructure							
Sanitation Infrastructure							
Solid Waste Infrastructure							
Rail Infrastructure							
Coastal Infrastructure							
Information and Communication Infrastructure							
Infrastructure		–	–	–	***281 790***	***281 039***	***285 965***
Community Facilities					59 962	63 000	80 000
Sport and Recreation Facilities							
Community Assets		–	–	–	***59 962***	***63 000***	***80 000***
Heritage Assets							
Revenue Generating							
Non-revenue Generating							
Investment properties		–	–	–	–	–	–
Operational Buildings					46 606	46 606	46 606
Housing					22 000	23 000	24 000
Other Assets		–	–	–	***68 606***	***69 606***	***70 606***
Biological or Cultivated Assets							
Servitudes							
Licences and Rights							
Intangible Assets		–	–	–	–	–	–
Computer Equipment					**338**	**338**	**338**
Furniture and Office Equipment							
Machinery and Equipment							
Transport Assets							
Libraries							
Zoo's, Marine and Non-biological Animals							
TOTAL ASSET REGISTER SUMMARY - PPE	5	**–**	**–**	**–**	**410 696**	**413 983**	**436 909**
EXPENDITURE OTHER ITEMS							
Depreciation	7	–	–	–	23 000	24 819	26 153
Repairs and Maintenance by Asset Class	3	**–**	**–**	**–**	**30 691**	**32 349**	**37 173**
Roads Infrastructure		–	–	–	10 797	11 381	13 021
Storm water Infrastructure		–	–	–	5 601	5 903	6 235
Electrical Infrastructure		–	–	–	5 272	5 557	5 870
Water Supply Infrastructure		–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–
Infrastructure		–	–	–	***21 670***	***22 841***	***25 126***
Community Facilities		–	–	–	3 500	3 689	3 888
Sport and Recreation Facilities		–	–	–	358	378	398
Community Assets		–	–	–	***3 858***	***4 067***	***4 286***
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–
Investment properties		–	–	–	–	–	–
Operational Buildings		–	–	–	1 772	1 868	1 969
Housing		–	–	–	–	–	–
Other Assets		–	–	–	***1 772***	***1 868***	***1 969***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**909**	**958**	**3 035**
Machinery and Equipment		**–**	**–**	**–**	**2 481**	**2 615**	**2 756**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**
Libraries		**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**–**	**–**	**–**	**53 691**	**57 168**	**63 326**
Renewal and upgrading of Existing Assets as %		*0.0%*	*0.0%*	*0.0%*	*34.1%*	*15.7%*	*0.0%*
Renewal and upgrading of Existing Assets as %		*0.0%*	*0.0%*	*0.0%*	*85.6%*	*29.7%*	*0.0%*
R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*7.5%*	*7.8%*	*8.5%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*12.0%*	*10.0%*	*9.0%*

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The budget for renewal and existing assets is below 40 per cent as per National Treasury guideline, the municipality has budgeted for 34.09 percent. An amount budgeted for the renewal of existing assets is based from the results of analysis of the municipal cash flows and available reserves; and the results have determined budget to be allocated based on our affordability in ensure realistic estimates against this item.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement							
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1						
Water:							
Piped water inside dwelling		9 851	9 851	9 851	10 501	11 152	11 810
Piped water inside yard (but not in dwelling)		10 902	10 902	10 902	11 622	12 385	13 116
Using public tap (at least min.service level)	2	–	–	–	–	–	–
Other water supply (at least min.service level)	4	17 482	17 482	17 482	18 636	19 791	20 821
Minimum Service Level and Above sub-total		38 235	38 235	38 235	40 759	43 329	45 746
Using public tap (< min.service level)	3	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–
No water supply		–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–
Total number of households	5	**38 235**	**38 235**	**38 235**	**40 759**	**43 329**	**45 746**
Sanitation/sewerage:							
Flush toilet (connected to sewerage)		11 313	11 313	11 313	12 060	12 807	13 563
Flush toilet (with septic tank)		–	–	–	–	–	–
Chemical toilet		8 587	8 587	8 587	9 154	9 721	10 295
Pit toilet (ventilated)		15 173	15 173	15 173	16 174	17 177	18 191
Other toilet provisions (> min.service level)		2 690	2 690	2 690	2 868	3 045	3 255
Minimum Service Level and Above sub-total		37 763	37 763	37 763	40 255	42 751	45 304
Bucket toilet		472	472	472	472	300	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–
Below Minimum Service Level sub-total		472	472	472	472	300	–
Total number of households	5	**38 235**	**38 235**	**38 235**	**40 727**	**43 051**	**45 304**
Energy:							
Electricity (at least min.service level)		1 053	1 053	1 053	1 040	1 040	1 040
Electricity - prepaid (min.service level)		–	–	–	–	–	–
Minimum Service Level and Above sub-total		1 053	1 053	1 053	1 040	1 040	1 040
Electricity (< min.service level)		–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–
Total number of households	5	**1 053**	**1 053**	**1 053**	**1 040**	**1 040**	**1 040**
Refuse:							
Removed at least once a week		10 508	10 508	10 508	11 705	11 705	11 705
Minimum Service Level and Above sub-total		10 508	10 508	10 508	11 705	11 705	11 705
Removed less frequently than once a week		–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–
Total number of households	5	**10 508**	**10 508**	**10 508**	**11 705**	**11 705**	**11 705**
Households receiving Free Basic Service	7						
Water (6 kilolitres per household per month)		–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	42 746	42 746	42 746
Refuse (removed at least once a week)		–	–	–	28 152	28 152	28 152
Revenue cost of subsidised services provided (R'000	9						
Property rates **(tariff adjustment)** (**impermissable**							
Property rates exemptions, reductions and rebates **and**		–	–	–	1 627	1 714	1 807
Water **(in excess of 6 kilolitres per indigent household p**		–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigen**		–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent h**		–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent ho**		–	–	–	–	–	–
Municipal Housing - rental rebates							
Housing - top structure subsidies	6						
Other							
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**1 627**	**1 714**	**1 807**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 8 000 households:

Electricity services – backlog will be reduced by 1236 households. As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1500 households budgeted to be electrified in 2017/18.
Free basic electricity is provided by Eskom on behalf of the municipality to its registered beneficiaries within Mandeni as per the approved indigent register. Budget allocated of R550 thousand has considered Eskom invoices for providing the service. Transfers and subsidies have remained constant with a budget amount of R650 thousand from 2016/17 adjusted budget to 2017/18 financial year; this is due to that the municipality annually reviews its indigent register as per the indigent policy. Therefore it becomes possible that the number of beneficiaries on our indigent register varies over the years depending on their status.

Refuse services – backlog will be reduced by 1107 households in 2017/18, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 150 households to be registered as indigent in 2017/18, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 650, 000 in 2017/18, increasing to R685, 100 in 2018/19. This is covered by the municipality's equitable share allocation from national government.

In addition to the Free Basic Services, the Municipality also 'gives' households R10 million in free basic service electricity though an electrification programme in 2017/18, and it increases to R15 million in 2018/19. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 5 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide

technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure: that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality; that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were convened during the process of compiling the 2017/18 budget and MTREF.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2016. Key dates applicable to the process were:

August 2016 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2017/18 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

September 2016 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2016 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

3 to 7 January 2017 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

January 2017 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

25 January 2017 - Council considers the 2016/17 Mid-year Review;

February 2017 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2016/17 MTREF is revised accordingly;

28 February 2017 – Council considers the 2016/17 Adjustment Budget

February 2017 - Finalize and submit to the Mayor proposed budget and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

30 March 2017 - Tabling in Council of the 2017/18 IDP and Budget MTREF for public consultation;
April 2017 – Public consultation;
29th April 2017 - Closing date for written comments;
01 April to 07 May 2017 – finalization of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
30th May 2017 - Tabling of the 2017/18 & MTREF before Council for consideration and approval.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the fourth generation of the municipal IDP, as this is the new (Integrated Development Plan) IDP which has been adopted by Council in May 2017. It started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

Registration of community needs;
Compilation of departmental business plans including key performance indicators and targets;
Financial planning and budgeting process;
Public participation process;
Compilation of the SDBIP, and
The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2016/17 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
Performance trends
The approved 2016/17 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Loan and investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery
Dashboard imperatives
Disaster management mandate
Traffic Department
Vacant positions
Indigent customers
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74,75,78,79,82,85 and 86 has been taken into consideration in the planning and prioritisation process.

2.3.2 Community Consultation

The Budget 2017/18 MTREF was tabled before Council on 30th March 2017 for community consultation and it was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback was communicated on the Municipality's website, and the Municipality's call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 01 April to 30 April 2017, and include 8 public briefing sessions. The applicable dates and venues were published in all the local newspapers. This was then compared to the previous year's process. This then attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

Green Paper on National Strategic Planning of 2009;
Government Programme of Action;
Development Facilitation Act of 1995;
Provincial Growth and Development Strategy (GGDS);
National and Provincial spatial development perspectives;
Relevant sector plans such as transportation, legislation and policy;
National Key Performance Indicators (NKPIs);
Accelerated and Shared Growth Initiative (ASGISA);
National 2014 Vision;
National Spatial Development Perspective (NSDP) and
The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
GOOD GOVERNANCE AND PUBLIC PARTICIPATION					
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance	2.3.1 Improve the public participation processes	Community services
GGPP 02					0MM
GGPP 03				2.3.2 Ensure the existence and functionality of the public participation structures	0MM
GGPP 04				2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05					Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT					
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services	1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD
BSD 03				1.1.2 Facilitate access to electricity for all targeted	TSD
BSD 04				1.1.3 Reduce the road and storm-water infrastructure	TSD
BSD 05				1.1.4 Facilitate the reduction of the housing backlog	TSD
BSD 18				1.1.5 Provide efficient waste collection and	TSD
BSD 19				1.1.6 Maintain a functional Infrastructure Development	TSD
BSD 22				1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT

FINANCIAL VIABILITY AND MANAGEMENT					
FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO
FVM 13				2.2.5 Ensure that the municipality acquires	BTO
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO
FVM 16					BTO
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT					
CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS
CSD 04				5.2.3 Improve on road safety	CSPS
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS
CSD 06				5.3.2 Design and implement sports, arts and	CSPS
LOCAL ECONOMIC DEVELOPMENT					
LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPH

LED 03		4. Facilitate the creation of job opportunities		3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPH
LED 04			4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPH
LED 06				4.1.2 Strategically plan for the local economic development	EDPH
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPH
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION					
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient , transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD
IDT 04				2.1.4 Improve performance	CSD
IDT 05				2.1.5 Improve information technology and document management systems	CSD
IDT 06				2.1.6 Improve on customer care	CSD
IDT 07				2.1.7 Maintain and improve municipal	CSD
IDT 08					
BACK TO BASICS –Cross cutting measures					
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPH
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness	
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPH

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:
Provide electricity;
Provide housing;
Provide roads and storm water;
Provide Municipality planning services; and
Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:
Ensuring the is a clear structural plan for the Municipality;
Ensuring planning processes function in accordance with set timeframes;
Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1. Fight poverty and build clean, healthy, safe and sustainable communities:
Effective implementation of the Indigent Policy;
Working with the provincial department of health to provide primary health care services;
Extending waste removal services and ensuring effective Municipality cleansing;
Working with strategic partners such as SAPS to address crime;
Ensuring save working environments by effective enforcement of building and health regulations;
Promote viable, sustainable communities through proper zoning; and
Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme

3.3 Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:
Optimising effective community participation in the ward committee system; and
Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:
Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:
Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives
Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;
Enforcing hard development lines – so as to direct private investment;
Maintaining existing urban areas;
Strengthening key economic clusters;
Building social cohesion;
Strong developmental initiatives in relation to the municipal institution as a whole; and
Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;
Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2017/18 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)									
Strategic Objective	Goal	Goal Cod	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Sustainable Services	Electricity						30 800	37 273	42 260
Sustainable Services	Waste Management						13 395	14 849	16 327
Sustainable Services	Health						65	69	72
Sustainable Services	Community						2 664	2 795	2 916
Infrastructure	Roads & Stormwater						–	–	–
Infrastructure	Cemeteries						–	–	–
Infrastructure	Housing						–	–	–
Infrastructure	Public Amenities						–	–	–
Good Governance	Support Services						13 165	2 095	2 208
Good Governance	Integrated Planning						150	158	167
Good Governance	Financial Management						161 204	176 024	185 093
Good Governance	Human Resources Management						–	–	–
Good Governance	Executive and Council						6 902	7 245	7 590
Environmental Management	Land Management						–	–	–
Economic Development	Local Economic Development						–	–	–
Social Development	Culture & Sport						6	6	7
Social Development	Public Participation								
Safety & Security	Security								
Safety & Security	Disaster Management						1 530	1 613	1 700
Safety & Security	Road Safety								
Allocations to other priorities			2						
Total Revenue (excluding capital transfer			1	**–**	**–**	**–**	**229 882**	**242 127**	**258 338**

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure									
Strategic Objective	Goal	Goal Code	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Sustainable Services	Electricity						30 892	38 020	42 499
Sustainable Services	Waste Management						4 372	5 207	5 497
Sustainable Services	Health						–	–	–
Sustainable Services	Community						9 931	10 467	11 064
Infrastructure	Roads & Stormwater						14 457	15 170	16 011
Infrastructure	Cemeteries						112	118	125
Infrastructure	Housing						–	–	–
Infrastructure	Public Amenities						6 315	6 656	7 026
Good Governance	Support Services						15 290	16 116	17 018
Good Governance	Integrated Planning						8 906	9 360	9 862
Good Governance	Financial Management						47 455	52 546	54 571
Good Governance	Human Resources Management						18 349	19 339	22 451
Good Governance	Executive and Council						37 785	42 463	44 071
Environmental Management	Land Management						–	–	–
Economic Development	Local Economic Development						3 280	3 939	4 159
Social Development	Culture & Sport						1 511	1 593	1 680
Social Development	Public Participation								
Safety & Security	Security								
Safety & Security	Road Safety						20 050	21 133	22 305
Allocations to other priorities									
Total Expenditure			1	**–**	**–**	**–**	**218 704**	**242 127**	**258 338**

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capita									
Strategic Objective	Goal	Goal	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A							
Sustainable Services	Electricity	B					–	–	–
Sustainable Services	Waste Management	C					560	–	–
Sustainable Services	Health	D					–	–	–
Sustainable Services	Community	E					–	1 706	
Infrastructure	Roads & Stormwater	F					34 443	37 857	39 882
Infrastructure	Cemeteries	G					–		–
Infrastructure	Housing	H					–	–	–
Infrastructure	Public Amenities	I					–	–	–
Good Governance	Support Services	J					19 328	7 178	–
Good Governance	Integrated Planning	K					80		–
Good Governance	Financial Management	L					–	–	–
Good Governance	Human Resources Management	M					400	–	–
Good Governance	Executive and Council						10	–	–
Environmental Management	Land Management						–	–	–
Economic Development	Local Economic Development						200	–	–
Social Development	Culture & Sport	N					200	200	–
Social Development	Public Participation	O							
Safety & Security	Security	P							
Safety & Security	Road Safety		3				2 500	–	–
Total Capital Expenditure			1	**–**	**–**	**–**	**57 721**	**46 941**	**39 882**

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

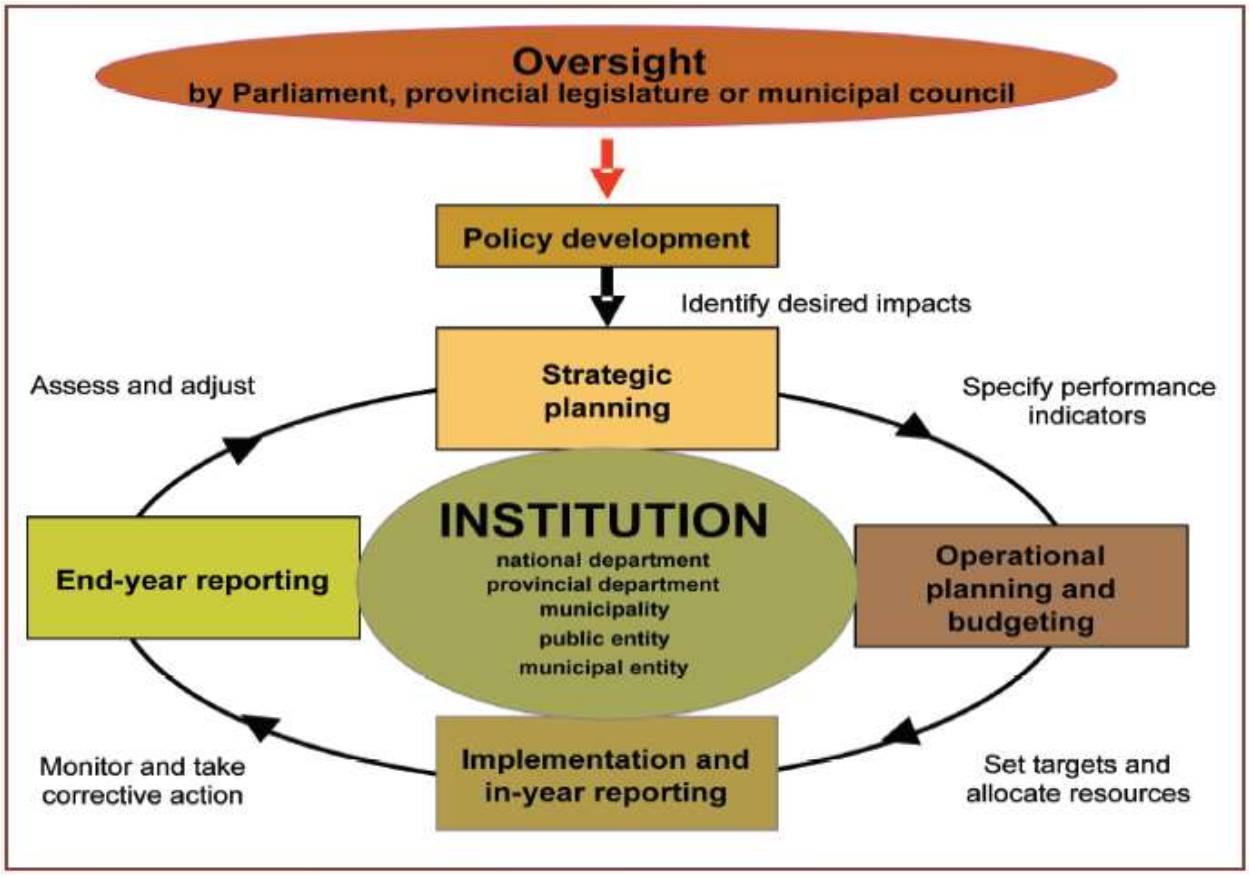


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

Planning (setting goals, objectives, targets and benchmarks);
Monitoring (regular monitoring and checking on the progress against plan);
Measurement (indicators of success);
Review (identifying areas requiring change and improvement);
Reporting (what information, to whom, from whom, how often and for what purpose); and
Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

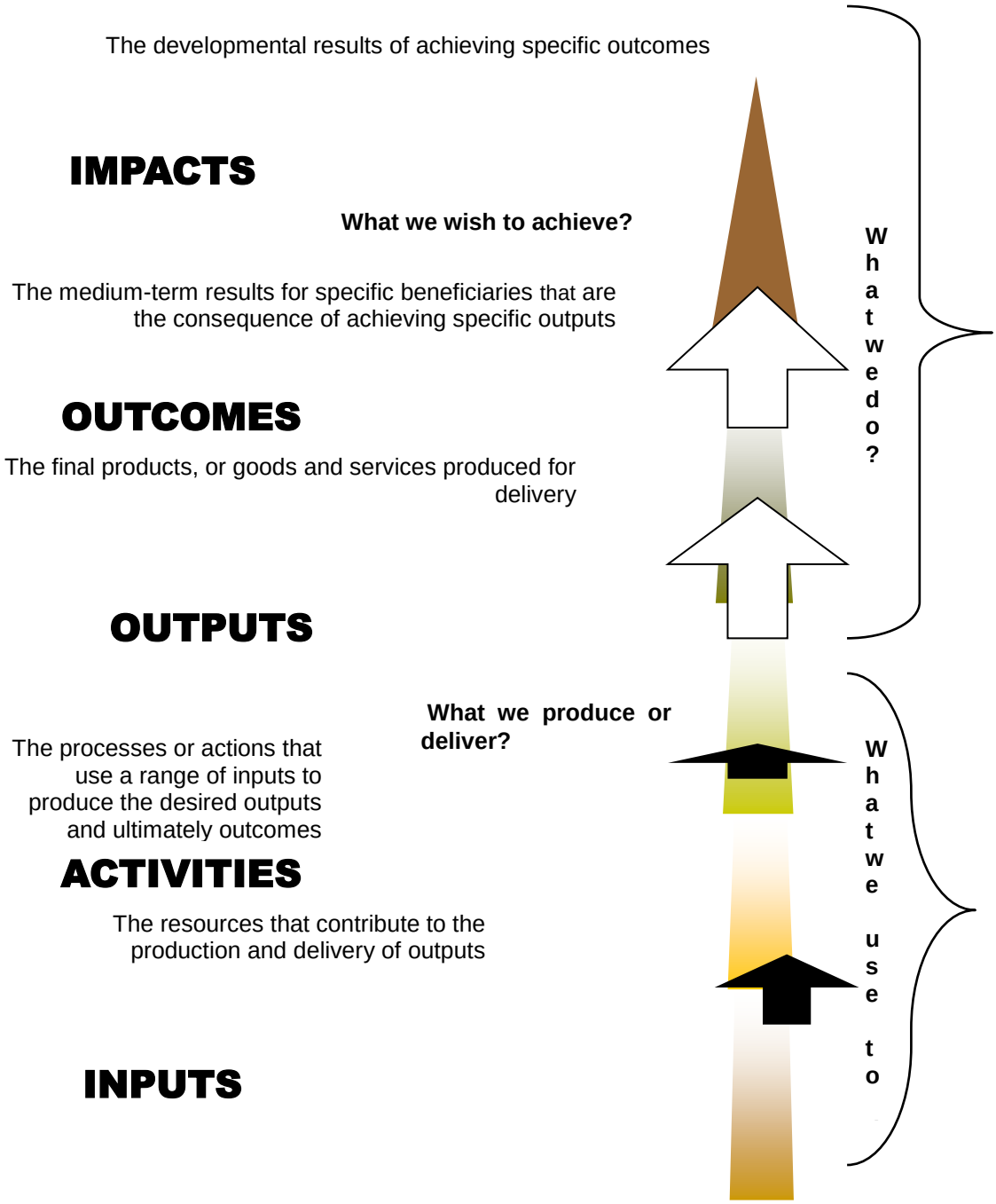


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives						
Description	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Vote 1 - vote name						
Function 1 - (name)						
Sub-function 1 - (name)						
Electricity				30799748	56272854	62285588
Sub-function 2 - (name)						
Waste Management				13395482	14848838	16326675
Sub-function 3 - (name)						
Health				65000	68510	72210
Function 2 - (name)						
Sub-function 1 - (name)						
Community				2664000	2795350	2915773
Sub-function 2 - (name)						
Support Services				11418000	252960	266620
Sub-function 3 - (name)						
Integrated Planning				150000	158100	166637
Vote 2 - vote name						
Function 1 - (name)						
Sub-function 1 - (name)						
Financial Management				149385535	171636960	180895283
Sub-function 2 - (name)						
Executive and Council				6902000	7245000	7590000
Sub-function 3 - (name)						
Culture & Sport				6000	6324	6665
Function 2 - (name)						
Sub-function 1 - (name)						
Disaster Management				1530442.10	1613085.98	1700192.62
Sub-function 2 - (name)						
Insert measure/s description						
Sub-function 3 - (name)						
Insert measure/s description						

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks							
Description of financial indicator	Basis of calculation	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management							
Credit Rating							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	1.5%	1.5%	1.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	5.1%	4.9%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	119.4%	125.9%	132.7%
Liquidity							
Current Ratio	Current assets/current liabilities	–	–	–	2.2	6.7	7.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	2.2	6.7	7.6
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	0.2	0.2	0.2
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	0.0%	0.0%	0.0%	72.7%	72.7%
Current Debtors Collection Rate (Cash receipts % of		0.0%	0.0%	0.0%	72.7%	72.7%	72.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	31.0%	22.2%	25.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old						
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))						
Creditors to Cash and Investments		0.0%	0.0%	0.0%	168.0%	246.1%	297.4%
Other Indicators							
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated						
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated						
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	33.4%	31.8%	31.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%		38.5%	36.7%	36.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%		14.0%	13.4%	14.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	11.5%	11.2%	11.0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	13.7	13.8	14.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	119.4%	89.9%	102.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	–	0.5	0.2	0.1

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2016/17 MTREF the current ratio is 2.2 in the 2017/18 financial year and 5.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2016/17 financial year the ratio was 5.2 and as part of the financial planning strategy it has been maintained at 3.5 in the 2017/18 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2017/18 financial year 150 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 64.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy has been currently reviewed and it has been approved by Council in May 2017. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 73 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy has been amended and adopted by Council on the 30th May 2017. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

2.7.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy is currently has been reviewed and adopted by Council in May 2017.

2.7.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy have been currently reviewed and adopted by Council in May 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.
.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;
Funding and Reserves Policy;
Borrowing Policy;
Budget Policy; and
Basic Social Services Package (Indigent Policy).

2.8 Overview of budget assumptions

2.8.1 External factors

The 2017 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.
GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively. This forecast is supported by marginally higher global growth, stabilising commodity prices, greater reliability of the electricity network, more favourable weather conditions, recovering business and consumer confidence, and improved labour relations. The positive trajectory marks a shift from several years of declining growth however; this is still not high enough to markedly reduce unemployment, poverty and inequality.
The unemployment rate was 26.5 per cent in the fourth quarter of 2017. In aggregate mining and manufacturing employment declined by 80 306 jobs in 2017 while the services sector created 119 189 jobs during the same period. The economy continues to create opportunities for semi-skilled and skilled workers, and to shed unskilled jobs, reinforcing poverty and inequality and widening the wage gap.
These economic challenges will continue to pressurise municipal revenue generation and collection levels hence a conservative approach is advised for projecting revenue. Municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

2.8.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

National Government macro economic targets;
The general inflationary outlook and the impact on Municipality's residents and businesses;
The impact of municipal cost drivers;
The increase in prices for bulk city and water; and
The increase in the cost of remuneration. Employee related costs comprise 39.6 per cent of total operating expenditure in the 2017/18 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (73 per cent) of annual billings for property rates. Cash flow is assumed to be 73 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Service Charges on electricity and refuse removal are billed simultaneously, therefore a collection rate of 73% is assumed for service charged due to controls that are in place as per the credit control policy.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.8.5 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

 2017/18 Financial Year – average CPI (Feb 2016– Jan 2017) + 1 per cent

The previous years were:
 2015/16 Financial Year – 7 per cent
 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

2.8.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.8.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	2	28 937	28 937	28 937	28 937	30 789	32 451	34 203
Service charges - electricity revenue	2	12 236	17 186	17 186	17 186	17 270	18 202	19 185
Service charges - water revenue	2	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 920	7 920	7 920	7 920	8 395	8 849	9 327
Service charges - other								
Rental of facilities and equipment		305	305	305	305	325	342	361
Interest earned - external investments		3 570	3 570	3 570	3 570	3 000	3 162	3 333
Interest earned - outstanding debtors		7 500	7 500	7 500	7 500	4 160	7 218	8 235
Dividends received						–	–	–
Fines, penalties and forfeits		2 105	1 105	1 105	1 105	505	532	561
Licences and permits		1 255	1 255	1 255	1 255	1 000	1 054	1 111
Agency services						–	–	–
Transfers and subsidies		139 308	139 308	139 308	139 308	152 744	169 732	181 408
Other revenue	2	605	605	605	605	517	584	615
Gains on disposal of PPE						–	–	–
Total Revenue (excluding capital transfers and contributions)		**203 740**	**207 690**	**207 690**	**207 690**	**218 704**	**242 127**	**258 338**

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

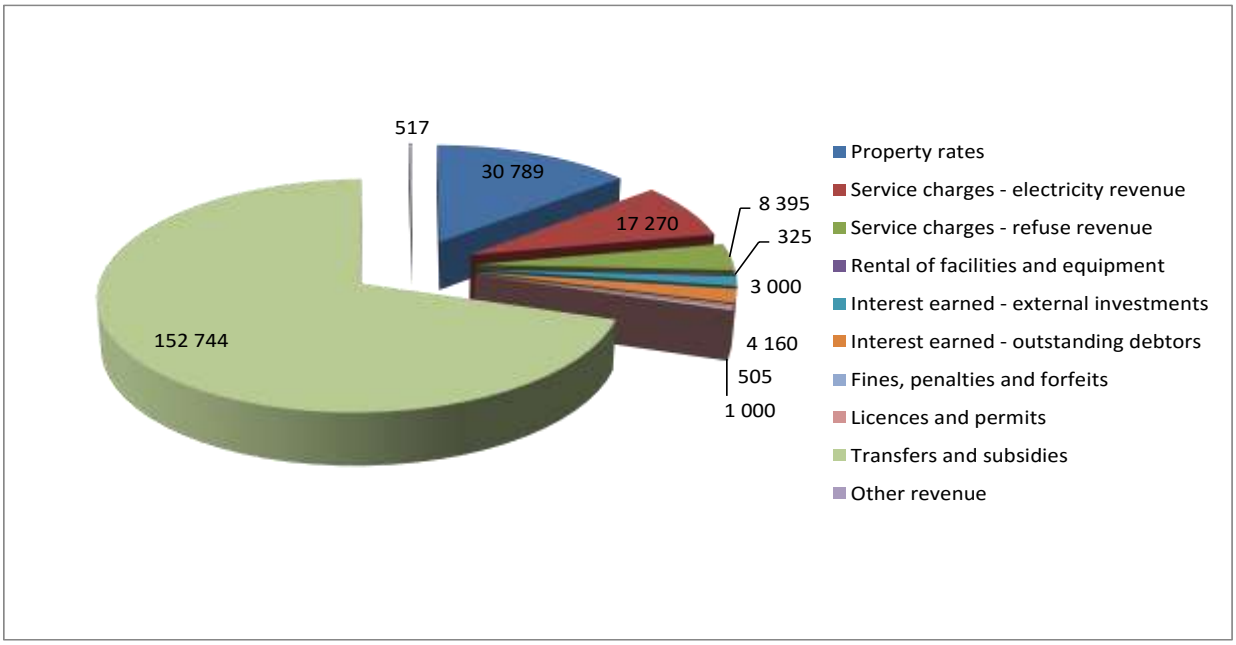


Figure 4 Breakdown of operating revenue over the 2017/18 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:
Growth in the Municipality and economic development;
Revenue management and enhancement;
Achievement of a 73 per cent annual collection rate for consumer revenue;
National Treasury guidelines;
Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
Achievement of full cost recovery of specific user charges;
Determining tariff escalation rate by establishing/calculating revenue requirements;
The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

KZN 291-Mandeni Proposed tariff increase over the medium term							
Description	**Re**						
R thousand	1	**2015/16 proposed tariff increase**	**2016/17 proposed tariff increase**	**2017/18 proposed tariff increase**	**2016/17 Additional Revenue for each 1% tariff increase**	**2017/18 Additional Revenue for each 1% tariff**	**Total Revenue Budget**
Revenue By Source		**%**	**%**	**%**	**R 0.00**	**R 0.00**	**R 0.00**
Property rates	2	6.0%	7.0%	6.4%	28 937	30 789	30 789
Electricity revenue	2	7.0%	7.6%	1.9%	17 186	17 270	17 270
Refuse Removal	2	5.1%	6.0%	6.0%	7 920	8 395	8 395
Total Service					**54 042**	**56 454**	**56 454**

Revenue to be generated from property rates is R30.8 million in the 2017/18 financial year and increases to R32.4 million by 2017/18 which represents 14.23 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2017/18 financial year.

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R25.7 million for the 2017/18 financial year and increasing to R27.1 million by 2017/18. For the 2017/18 financial year services charges amount to 11.7 per cent of the total revenue base and grows by 11.09 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R152.7 million, R169.7 million and R181.4 million for each of the respective financial years of the MTREF, or 69, 70 and 70 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government have reduced in 2017/18 financial year and in the two outer years its grows rapidly over the MTREF by 11.1 per cent and 6.4 per cent.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3.0 million, R3.2 million and R3.3 million for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity:

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type							
Investment type	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank					10 075	9 912	11 361
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Municipal Bonds							
Municipality sub-total	1	**–**	**–**	**–**	**10 075**	**9 912**	**11 361**
Entities							
Securities - National Government							
Listed Corporate Bonds							
Deposits - Bank							
Deposits - Public Investment Commissioners							
Deposits - Corporation for Public Deposits							
Bankers Acceptance Certificates							
Negotiable Certificates of Deposit - Banks							
Guaranteed Endowment Policies (sinking)							
Repurchase Agreements - Banks							
Entities sub-total		–	–	–	–	–	–
Consolidated total:		**–**	**–**	**–**	**10 075**	**9 912**	**11 361**

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity of institution & investm	Ref 1	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest	Interest Rate 3	Commission Paid (Rands)	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal	Investment Top Up	Closing Balance
Parent municipality												
Standard Bank '068637527		12 Months	osits - Bank	No	Variable	0.09	2 Days Notic	365	0			**365**
Nedbank 23581136/9998		5 Yrs	osits - Bank	No	Variable	0.09	2 Days Notic	1 484	456			**1 940**
First National Bank		12 Months	Main Account	No	Variable		On Call	–				**–**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	5 791	365	(3 256)		**2 900**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	1 928	71			**1 999**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	590	731	(36 347)	35 940	**914**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	6 590	–	(16 741)	11 178	**1 027**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	35	0			**35**
First National Bank		12 Months	Call Account	No	Variable	0.11	2 Days Notic	712	902	(134 994)	134 192	**812**
First National Bank		12 Months	Call Account	No	Variable	0.09	2 Days Notic	10 283	475	(20 675)	10 000	**83**
												–
												–
Municipality sub-total								**27 778**		**(212 013)**	**191 310**	**10 075**
Entities												
												–
												–
												–
												–
												–
												–
												–
Entities sub-total								**–**		**–**	**–**	**–**
TOTAL INVESTMENTS	1							**27 778**		**(212 013)**	**191 310**	**10 075**

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R7.6 million, R9.7 million and R16.2 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding								
Vote Description	Re	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:								
National Government		33 757	25 757	25 757	25 757	45 321	37 857	39 882
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	**33 757**	**25 757**	**25 757**	**25 757**	**45 321**	**37 857**	**39 882**
Public contributions & donations	5							
Borrowing	6							
Internally generated funds		17 425	11 925	11 925	11 925	12 400	9 084	–
Total Capital Funding	7	**51 182**	**37 682**	**37 682**	**37 682**	**57 721**	**46 941**	**39 882**

The above table is graphically represented as follows for the 2017/18 financial year.

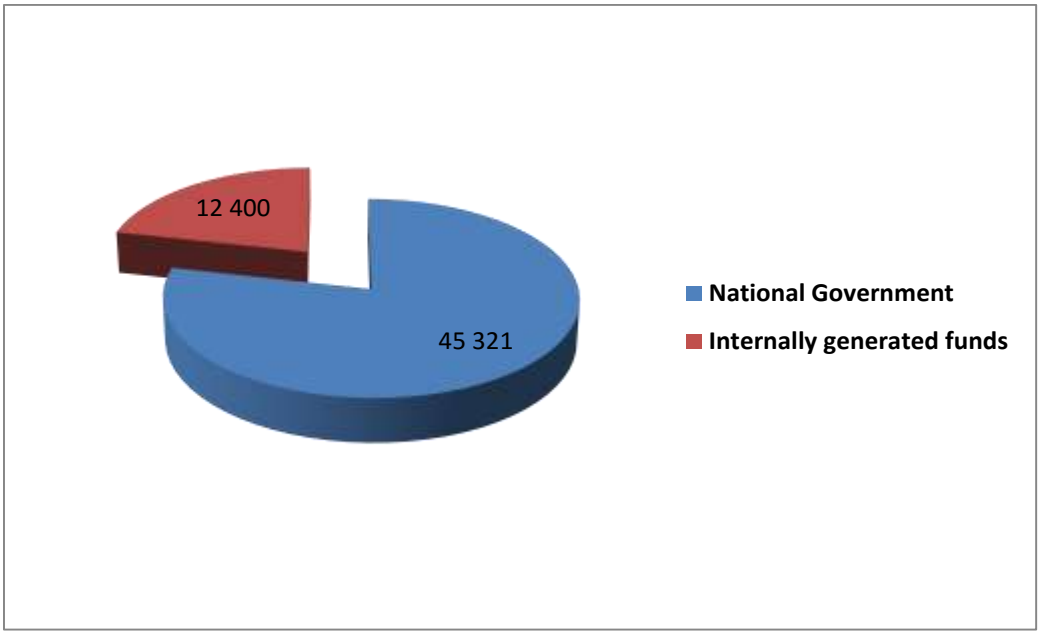


Figure 5 Sources of capital revenue for the 2017/18 financial year

Capital grants and receipts equates to 78.5 per cent of the total funding source which represents R45. million for the 2017/18 financial year and steadily decreases to R37.9 million or 80.6 per cent by 2018/19. Decline relating to grant receipts is 16.5, -1 and -5.3 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2						
Capital Transfers and Grants							
National Government:		**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert							
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Total Capital Transfers and Grants	5	**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**173 065**	**165 065**	**165 065**	**198 134**	**203 361**	**216 832**

2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

Clear separation of receipts and payments within each cash flow category;
Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue. and
Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates					22,383	23,592	24,866
Service charges					18,659	19,666	20,728
Other revenue					1,846	1,985	2,092
Government - operating	1				152,744	169,732	181,408
Government - capital	1				45,321	35,964	37,888
Interest					3,208	3,523	3,744
Dividends					–	–	–
Payments							
Suppliers and employees					(179,042)	(192,786)	(208,584)
Finance charges					(2,150)	(2,266)	(2,388)
Transfers and Grants	1				(10,650)	(15,685)	(18,722)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**–**	**–**	**–**	**52,319**	**43,726**	**41,032**
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE					–	–	–
Decrease (Increase) in non-current debtors					–	–	–
Decrease (increase) other non-current receivables					–	–	–
Decrease (increase) in non-current investments					–	–	–
Payments							
Capital assets					(57,721)	(46,941)	(39,882)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**–**	**(57,721)**	**(46,941)**	**(39,882)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans					–	–	–
Borrowing long term/refinancing					–	–	–
Increase (decrease) in consumer deposits					(1,585)	–	–
Payments							
Repayment of borrowing					(1,210)	(1,300)	(1,500)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**(2,795)**	**(1,300)**	**(1,500)**
NET INCREASE/ (DECREASE) IN CASH HELD		**–**	**–**	**–**	**(8,197)**	**(4,515)**	**(350)**
Cash/cash equivalents at the year begin:	2				**14,744**	**6,547**	**2,032**
Cash/cash equivalents at the year end:	2	**–**	**–**	**–**	**6,547**	**2,032**	**1,681**

The above table shows that cash and cash equivalents of the Municipality were slowly decreased between the 2016/17 and 2017/18 financial year moving from a positive cash balance of R18.7 to a surplus of R6.5 million with the approved 2019/20 MTREF. With the 2016/17 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will decrease to R7.1 million by the financial year end. For the 2017/18 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to decrease to R2.0 million by 2018/19 and steadily decrease to R1.7 million by 2019/20. It should be noted the municipality's cash flow is depleting towards the 2019/20.

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

What are the predicted cash and investments that are available at the end of the budget year?
How are those funds used?
What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available							
Cash/cash equivalents at the year end	1	–	–	–	6,547	2,032	1,681
Other current investments > 90 days		–	–	–	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–
Cash and investments available:		**–**	**–**	**–**	**6,547**	**2,032**	**1,681**
Application of cash and investments							
Unspent conditional transfers		–	–	–	13,700	2,000	2,000
Unspent borrowing		–	–		–	–	–
Statutory requirements	2				18,708	18,708	18,708
Other working capital requirements	3	–	–	–	(35,198)	(30,170)	(36,998)
Other provisions							
Long term investments committed	4	–	–	–	–	–	–
Reserves to be backed by cash/investments	5				1,800	1,800	1,800
Total Application of cash and investments:		**–**	**–**	**–**	**(990)**	**(7,662)**	**(14,490)**
Surplus(shortfall)		**–**	**–**	**–**	**7,537**	**9,694**	**16,172**

From the above table it can be seen that the cash and investments available total R6.5 million in the 2017/18 financial year and decreases to R1.7 million by 2019/20, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. Due to delays in implementing capital programs we foresee that unspent conditional transfer will be R13.7 million for 2017/18 financial year through the following grants (INEP and NDPG). In the past these have not been allowed to 'roll-over' and be spent in the ordinary course of business.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations. The liability in this regard totaled (R18.7 million) for the 2017/18 financial year.
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2016/17 resulting in cash flow challenges.

For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2017/18 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2017/18 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

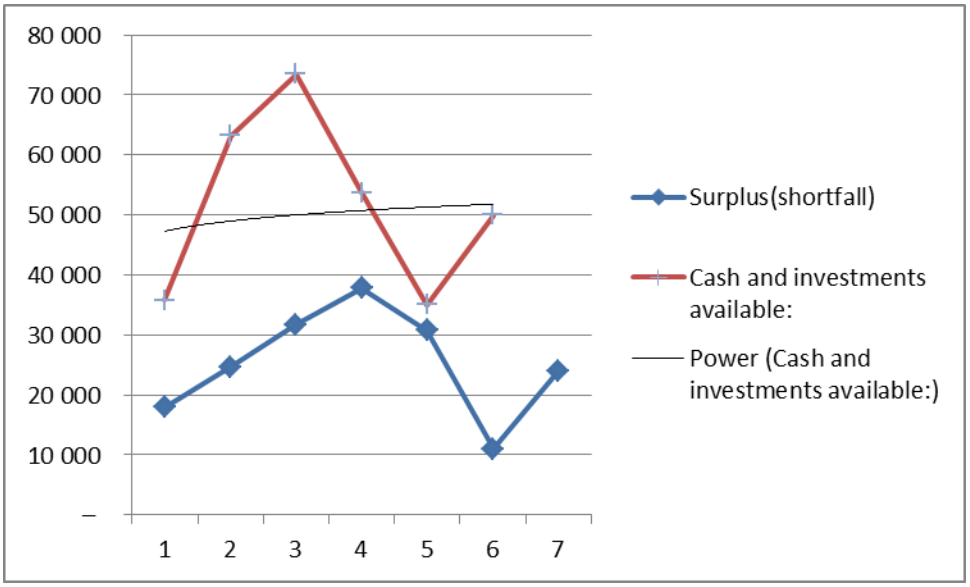


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement									
Description	MFMA section	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
			Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures								
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	–	6,547	2,032	1,681
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	–	7,537	9,694	16,172
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	–	0.5	0.2	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	–	45,321	35,964	37,888
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	68.1%	65.4%	64.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	6.8%	6.8%	6.8%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10				0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	0.0%	0.0%	0.0%	0.0%	(20.6%)	20.4%
Long term receivables % change - incr(decr)	18(1)a	12	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	7.5%	7.8%	8.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

KZN291 Mandeni Supporting Table SA10 Funding measurement								
Description	MFMA section	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
			Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Supporting indicators								
% incr *total service charges (incl prop rates)*	18(1)a		0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr Property Tax	18(1)a		0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	–	–	56,454	59,502	62,715
Service charges			–	–	–	56,454	59,502	62,715
Property rates			–	–	–	30,789	32,451	34,203
Service charges - electricity revenue			–	–	–	17,270	18,202	19,185
Service charges - water revenue			–	–	–	–	–	–
Service charges - sanitation revenue			–	–	–	–	–	–
Service charges - refuse removal			–	–	–	8,395	8,849	9,327
Service charges - other			–	–	–	–	–	–
Rental of facilities and equipment			–	–	–	325	342	361
Capital expenditure excluding capital grant funding			–	–	–	12,400	9,084	–
Cash receipts from ratepayers	18(1)a		–	–	–	42,888	45,243	47,686
Ratepayer & Other revenue	18(1)a		–	–	–	62,960	69,232	73,598
Change in consumer debtors (current and non-current)			–	–	–	67,818	(14,000)	11,000
Operating and Capital Grant Revenue	18(1)a		–	–	–	198,065	205,697	219,296
Capital expenditure - total	20(1)(vi)		–	–	–	57,721	46,941	39,882
Capital expenditure - renewal	20(1)(vi)		–	–		–	–	–
Supporting benchmarks								
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY								
DoRA capital grants total MFY								
Provincial operating grants								
Provincial capital grants								
District Municipality grants								
Total gazetted/advised national, provincial and district grants						–	–	–
Average annual collection rate (arrears inclusive)								

KZN291 Mandeni Supporting Table SA10 Funding measurement								
Description	MFMA section	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
			Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Operating Revenue			–	–	–	218,704	242,127	258,338
Total Operating Expenditure			–	–	–	218,704	242,127	258,338
Operating Performance Surplus/(Deficit)			–	–	–	(0)	0	0
Cash and Cash Equivalents (30 June 2012)						6,547		
Revenue								
% Increase in Total Operating Revenue			0.0%	0.0%	0.0%	0.0%	10.7%	6.7%
% Increase in Property Rates Revenue			0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
% Increase in Property Rates & Services Charges			0.0%	0.0%	0.0%	0.0%	5.4%	5.4%
Expenditure								
% Increase in Total Operating Expenditure			0.0%	0.0%	0.0%	0.0%	10.7%	6.7%
% Increase in Employee Costs			0.0%	0.0%	0.0%	0.0%	5.4%	5.8%
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	12.3%	6.8%
Average Cost Per Budgeted Employee Position (Remuneration)			0			309154.8		
Average Cost Per Councillor (Remuneration)			0			391438.5		
R&M % of PPE			0.0%	0.0%		7.5%	7.8%	8.5%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%		12.0%	10.0%	9.0%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	0.0%	6.8%	6.8%	6.8%
Capital Revenue								
Internally Funded & Other (R'000)			–	–	–	12,400	9,084	–
Borrowing (R'000)			–	–	–	–	–	–
Grant Funding and Other (R'000)			–	–	–	45,321	37,857	39,882
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	0.0%	78.5%	80.6%	100.0%
Capital Expenditure								
Total Capital Programme (R'000)			–	–	–	57,721	46,941	39,882
Asset Renewal			–	–	–	–	–	–
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash								
Cash Receipts % of Rate Payer & Other			0.0%	0.0%	0.0%	68.1%	65.4%	64.8%
Cash Coverage Ratio			–	–	–	0	0	0
Borrowing								
Credit Rating (2009/10)						0		
Capital Charges to Operating			0.0%	0.0%	0.0%	1.5%	1.5%	1.5%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves								
Surplus/(Deficit)			–	–	–	7,537	9,694	16,172
Free Services								
Free Basic Services as a % of Equitable Share			0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%		2.5%	2.4%	2.3%
High Level Outcome of Funding Compliance								
Total Operating Revenue			–	–	–	218,704	242,127	258,338
Total Operating Expenditure			–	–	–	218,704	242,127	258,338
Surplus/(Deficit) Budgeted Operating Statement			–	–	–	(0)	0	0
Surplus/(Deficit) Considering Reserves and Cash Backing			–	–	–	7,537	9,694	16,172
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1
MTREF Funded ü / Unfunded û		15	ü	ü	ü	ü	ü	ü

2.9.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is positive, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/18 MTREF shows R6.5 million, R2.0 million and R1.7 million for each respective financial year.

2.9.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2012/13 to 2017/18, moving from 3.4 to 6.0 with the adopted 2017/18 & MTREF. As part of the 2017/18 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.4 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.9.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current*)*

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

2.9.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 99.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1						
Operating expenditure of Transfers and Grants							
National Government:		**136 754**	**136 754**	**136 754**	**148 377**	**162 734**	**174 062**
Local Government Equitable Share		122 874	122 874	122 874	134 192	145 834	154 162
Finance Management		1 825	1 825	1 825	1 900	1 900	1 900
Municipal Systems Improvement		–	–	–			
EPWP Incentive		2 055	2 055	2 055	2 285		
Integrated National Electrification Programme		10 000	10 000	10 000	10 000	15 000	18 000
Other transfers/grants [insert description]							
Provincial Government:		**2 554**	**2 554**	**2 554**	**2 639**	**2 769**	**2 888**
Sport and Recreation							
Provincialization of Libraries		1 797	1 797	1 797	1 545	1 622	1 703
Recapitalisation- Community Library		757	757	757	1 094	1 147	1 185
Other transfers/grants [insert description]							
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Total operating expenditure of Transfers and Grants:		**139 308**	**139 308**	**139 308**	**151 016**	**165 503**	**176 950**
Capital expenditure of Transfers and Grants							
National Government:		**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
Municipal Infrastructure Grant (MIG)		33 757	25 757	25 757	35 940	37 858	39 882
Neighbourhood Development Partnership					11 178		
Other capital transfers/grants [insert desc]							
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]							
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**
[insert description]							
Total capital expenditure of Transfers and Grants		**33 757**	**25 757**	**25 757**	**47 118**	**37 858**	**39 882**
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		**173 065**	**165 065**	**165 065**	**198 134**	**203 361**	**216 832**

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Operating transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts		133 856	133 856	133 856	148 377	162 734	174 062
Conditions met - transferred to revenue		**133 856**	**133 856**	**133 856**	**148 377**	**162 734**	**174 062**
Conditions still to be met - transferred to liabilities							
Provincial Government:							
Balance unspent at beginning of the year							
Current year receipts		10 114	10 114	10 114	2 639	2 769	2 888
Conditions met - transferred to revenue		**10 114**	**10 114**	**10 114**	**2 639**	**2 769**	**2 888**
Conditions still to be met - transferred to liabilities							
District Municipality:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities							
Total operating transfers and grants revenue		**143 970**	**143 970**	**143 970**	**151 016**	**165 503**	**176 950**
Total operating transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:	1,3						
National Government:							
Balance unspent at beginning of the year							
Current year receipts		43 886	43 886	43 886	47 118	34 556	35 993
Conditions met - transferred to revenue		**43 886**	**43 886**	**43 886**	**47 118**	**34 556**	**35 993**
Conditions still to be met - transferred to liabilities							
Provincial Government:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities							
District Municipality:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities							
Other grant providers:							
Balance unspent at beginning of the year							
Current year receipts							
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities							
Total capital transfers and grants revenue		**43 886**	**43 886**	**43 886**	**47 118**	**34 556**	**35 993**
Total capital transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE		**187 856**	**187 856**	**187 856**	**198 134**	**200 059**	**212 943**
TOTAL TRANSFERS AND GRANTS - CTBM		**–**	**–**	**–**	**–**	**–**	**–**

2.11 Councilors and employee benefits

Table 39 MBRR SA22 - Summary of councilor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits							
Summary of Employee and Councillor remuneration	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)							
Basic Salaries and Wages					10 271	10 826	11 454
Pension and UIF Contributions							
Medical Aid Contributions					712	750	794
Motor Vehicle Allowance					1 235	1 302	1 378
Cellphone Allowance					767	808	855
Housing Allowances					715	754	798
Other benefits and allowances							
Sub Total - Councillors		**–**	**–**	**–**	**13 700**	**14 440**	**15 278**
% increase	4	**–**	**–**	**–**	**–**	**5.4%**	**5.8%**
Senior Managers of the Municipality	2						
Basic Salaries and Wages					5 252	5 536	5 857
Pension and UIF Contributions					374	395	418
Medical Aid Contributions					161	169	179
Overtime					–	–	–
Performance Bonus					352	371	393
Motor Vehicle Allowance	3				933	984	1 041
Cellphone Allowance	3				80	85	90
Housing Allowances	3				88	92	98
Other benefits and allowances	3						
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Senior Managers of Municipality		**–**	**–**	**–**	**7 241**	**7 632**	**8 075**
% increase	4	**–**	**–**	**–**	**–**	**5.4%**	**5.8%**
Other Municipal Staff							
Basic Salaries and Wages					53 368	56 250	59 512
Pension and UIF Contributions					3 094	3 261	3 451
Medical Aid Contributions					1 549	1 633	1 727
Overtime					155	163	173
Performance Bonus							
Motor Vehicle Allowance	3				4 734	4 990	5 279
Cellphone Allowance	3				180	190	201
Housing Allowances	3				251	265	280
Other benefits and allowances	3						
Payments in lieu of leave							
Long service awards							
Post-retirement benefit obligations	6						
Sub Total - Other Municipal Staff		**–**	**–**	**–**	**63 332**	**66 752**	**70 623**
% increase	4	**–**	**–**	**–**	**–**	**5.4%**	**5.8%**
Total Parent Municipality		**–**	**–**	**–**	**84 273**	**88 824**	**93 976**
		–	**–**	**–**	**–**	**5.4%**	**5.8%**
TOTAL SALARY, ALLOWANCES & BENEFITS		**–**	**–**	**–**	**84 273**	**88 824**	**93 976**
% increase	4	**–**	**–**	**–**	**–**	**5.4%**	**5.8%**
TOTAL MANAGERS AND STAFF	5,7	**–**	**–**	**–**	**70 573**	**74 384**	**78 698**

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	tions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		709 290		25 511			734 802
Chief Whip			378 484		25 511			403 996
Executive Mayor			886 612		25 511			912 124
Deputy Executive Mayor			709 290		25 511			734 802
Executive Committee			2 383 959		102 046			2 486 004
Total for all other councillors			7 962 936		465 684			8 428 620
Total Councillors	8	#	**13 030 572**	**–**	**669 775**			**13 700 347**
Senior Managers of the Municipality	5							
Municipal Manager (MM)			947 592	106 753	221 017	68 617		1 343 979
Chief Finance Officer			860 913	93 753	167 946	56 751		1 179 364
Director Technical Services and Infrastructural Development			860 913	91 211	170 478	56 751		1 179 353
Director Corporate Services			860 913	103 924	157 795	56 751		1 179 383
Director Economic Development Planning & Human settlemer			860 913	116 637	145 100	56 751		1 179 401
Director Community Services& Public Saftey			860 913	110 280	151 447	56 751		1 179 392
List of each offical with packages >= senior manager								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	#	**5 252 157**	**622 558**	**1 013 783**	**352 373**		**7 240 871**
A Heading for Each Entity	6,7							
List each member of board by designation								–
								–
								–
Total for municipal entities	8,10	#	**–**	**–**	**–**	**–**		**–**
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	#	**18 282 729**	**622 558**	**1 683 558**	**352 373**		**20 941 219**

Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	Current Year 2016/17			Budget Year 2017/18		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities							
Councillors (Political Office Bearers plus Oth		34	3	31	35	5	30
Board Members of municipal entities	4						
Municipal employees	5						
Municipal Manager and Senior Managers	3	6	–	6	6	–	6
Other Managers	7	15	15		15	15	
Professionals		*41*	*35*	*6*	*41*	*35*	*6*
Finance		24	19	5	24	19	5
Spatial/town planning		3	2	1	3	2	1
Information Technology		4	4		4	4	
Roads		2	2		2	2	
Electricity		1	1		1	1	
Water		1	1		1	1	
Sanitation							
Refuse							
Other		6	6		6	6	
Technicians		*20*	*20*	–	*20*	*20*	–
Finance							
Spatial/town planning							
Information Technology							
Roads							
Electricity		4	4		4	4	
Water							
Sanitation							
Refuse							
Other		16	16		16	16	
Clerks (Clerical and administrative)		39	39		39	39	
Service and sales workers		29	29		29	29	
Skilled agricultural and fishery workers							
Craft and related trades							
Plant and Machine Operators		21	21		21	21	
Elementary Occupations		65	65		65	65	
TOTAL PERSONNEL NUMBERS	9	**270**	**227**	**43**	**271**	**229**	**42**
% increase		390.9%	1 161.1%	16.2%	0.4%	0.9%	(2.3%)
Total municipal employees headcount	6, 10				**–**	**–**	**–**
Finance personnel headcount	8, 10						
Human Resources personnel headcount	8, 10						

2.12 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates			3 079	3 079	3 079	3 079	3 079	3 079	3 079	3 079	3 079	3 079	–	30 789	32 451	34 203
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	17 270	17 270	18 202	19 185
Service charges - water revenue		1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	1 439	(15 831)	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	8 395	8 395	8 849	9 327
Service charges - other		700	700	700	700	700	700	700	700	700	700	700	(7 696)	–	–	–
Rental of facilities and equipment		–	–	–	–	–	–	–	–	–	–	–	325	325	342	361
Interest earned - external investments		27	27	27	27	27	27	27	27	27	27	27	2 703	3 000	3 162	3 333
Interest earned - outstanding debtors		250	250	250	250	250	250	250	250	250	250	250	1 410	4 160	7 218	8 235
Dividends received		347	347	347	347	347	347	347	347	347	347	347	(3 813)	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	–	–	–	–	–	–	505	505	532	561
Licences and permits		42	42	42	42	42	42	42	42	42	42	42	537	1 000	1 054	1 111
Agency services		83	83	83	83	83	83	83	83	83	83	83	(917)	–	–	–
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	152 744	152 744	169 732	181 408
Other revenue		12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	12 729	(139 498)	517	584	615
Gains on disposal of PPE		43	43	43	43	43	43	43	43	43	43	43	(474)	–	–	–
Total Revenue (excluding capital trans		**15 660**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**18 738**	**15 660**	**218 704**	**242 127**	**258 338**
Expenditure By Type																
Employee related costs		–	–	–	–	–	–	–	–	–	–	–	72 961	72 961	76 900	81 361
Remuneration of councillors		6 080	6 080	6 080	6 080	6 080	6 080	6 080	6 080	6 080	6 080	6 080	(53 180)	13 700	14 440	15 278
Debt impairment		1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	1 142	(8 697)	3 862	4 070	4 290
Depreciation & asset impairment		322	322	322	322	322	322	322	322	322	322	322	19 460	23 000	24 819	26 153
Finance charges		1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	1 917	(18 933)	2 150	2 266	2 388
Bulk purchases		179	179	179	179	179	179	179	179	179	179	179	12 625	14 596	16 385	17 496
Other materials		1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	1 216	4 908	18 288	19 276	22 342
Contracted services		1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	1 524	(3 170)	13 594	14 944	15 733
Transfers and subsidies		1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133	(1 811)	10 650	15 685	18 722
Other expenditure		888	888	888	888	888	888	888	888	888	888	888	36 141	45 903	53 341	54 575
Loss on disposal of PPE		3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	3 825	(42 078)	–	–	–
Total Expenditure		**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit)		**(2 566)**	**513**	**513**	**513**	**513**	**513**	**513**	**513**	**513**	**513**	**513**	**(2 566)**	**(0)**	**0**	**0**
(monetary allocations) (National / Provincial and District)		15 107				15 107				15 107			–	45 321	35 964	37 888
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**12 541**	**513**	**513**	**513**	**15 620**	**513**	**513**	**513**	**15 620**	**513**	**513**	**(2 566)**	**45 321**	**35 964**	**37 888**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**12 541**	**513**	**513**	**513**	**15 620**	**513**	**513**	**513**	**15 620**	**513**	**513**	**(2 566)**	**45 321**	**35 964**	**37 888**

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - Executive Council		575	575	575	575	575	575	575	575	575	575	575	575	6 902	7 245	7 590
Vote 2 - Budget & Treasury		13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	161 204	176 024	185 093
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - Planning and Development		227	227	227	227	227	227	227	227	227	227	227	(2 092)	410	432	455
Vote 5 - Health		1	1	1	1	1	1	1	1	1	1	1	(6)	–	–	–
Vote 6 - Community & Social		128	128	128	128	128	128	128	128	128	128	128	1 326	2 729	2 864	2 988
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Public Saftey		–	–	–	–	–	–	–	–	–	–	–	1 530	1 530	1 613	1 700
Vote 9 - Sports & Recreation		178	178	178	178	178	178	178	178	178	178	178	(1 953)	6	6	7
Vote 10 - Environment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Waste Management		–	–	–	–	–	–	–	–	–	–	–	13 395	13 395	14 849	16 327
Vote 12 - Electricity		1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	18 521	30 800	37 273	42 260
Vote 13 - Roads & Stormwater		2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	(26 505)	1 728	1 821	1 919
Vote 14 -													–	–	–	–
Vote 15 -													–	–	–	–
Total Revenue by Vote		**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**218 704**	**242 127**	**258 338**
Expenditure by Vote to be appropriated																
Vote 1 - Executive Council		3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	37 785	42 463	44 071
Vote 2 - Budget & Treasury		3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	47 455	52 546	54 571
Vote 3 - Corporate Services		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	18 349	19 339	22 451
Vote 4 - Planning and Development		837	837	837	837	837	837	837	837	837	837	837	18 271	27 476	29 415	31 040
Vote 5 - Health		126	126	126	126	126	126	126	126	126	126	126	(1 385)	–	–	–
Vote 6 - Community & Social		1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	(8 337)	10 042	10 585	11 188
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Public Saftey		–	–	–	–	–	–	–	–	–	–	–	20 050	20 050	21 133	22 305
Vote 9 - Sports & Recreation		2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	(23 676)	1 511	1 593	1 680
Vote 10 - Environment		526	526	526	526	526	526	526	526	526	526	526	526	6 315	6 656	7 026
Vote 11 - Waste Management		1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	(8 880)	4 372	5 207	5 497
Vote 12 - Electricity		364	364	364	364	364	364	364	364	364	364	364	26 884	30 892	38 020	42 499
Vote 13 - Roads & Stormwater		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	(13 860)	14 457	15 170	16 011
Vote 14 -													–	–	–	–
Vote 15 -													–	–	–	–
Total Expenditure by Vote		**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit) before assoc.		**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**	**0**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	**1**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**	**0**

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**14 009**	**168 106**	**183 269**	**192 683**
Executive and council		575	575	575	575	575	575	575	575	575	575	575	575	6 902	7 245	7 590
Finance and administration		13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	13 434	161 204	176 024	185 093
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**355**	**355**	**355**	**355**	**355**	**355**	**355**	**355**	**355**	**355**	**355**	**355**	**4 265**	**4 483**	**4 695**
Community and social services		227	227	227	227	227	227	227	227	227	227	227	227	2 729	2 864	2 988
Sport and recreation		1	1	1	1	1	1	1	1	1	1	1	1	6	6	7
Public safety		128	128	128	128	128	128	128	128	128	128	128	128	1 530	1 613	1 700
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**178**	**178**	**178**	**178**	**178**	**178**	**178**	**178**	**178**	**178**	**178**	**178**	**2 137**	**2 253**	**2 374**
Planning and development		178	178	178	178	178	178	178	178	178	178	178	178	2 137	2 253	2 374
Road transport		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**3 683**	**44 195**	**52 122**	**58 586**
Energy sources		2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	2 567	30 800	37 273	42 260
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	1 116	13 395	14 849	16 327
Other													–	–	–	–
Total Revenue - Functional		**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**218 704**	**242 127**	**258 338**
Expenditure - Functional																
Governance and administration		**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**8 632**	**103 589**	**114 348**	**121 092**
Executive and council		3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	3 149	37 785	42 463	44 071
Finance and administration		3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	3 955	22 303	65 804	71 886	77 021
Internal audit		1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	1 529	(16 820)	–	–	–
Community and public safety		**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**2 634**	**31 603**	**33 310**	**35 173**
Community and social services		837	837	837	837	837	837	837	837	837	837	837	837	10 042	10 585	11 188
Sport and recreation		126	126	126	126	126	126	126	126	126	126	126	126	1 511	1 593	1 680
Public safety		1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	1 671	20 050	21 133	22 305
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**4 021**	**48 248**	**51 241**	**54 077**
Planning and development		2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	2 290	27 476	29 415	31 040
Road transport		1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	1 205	14 457	15 170	16 011
Environmental protection		526	526	526	526	526	526	526	526	526	526	526	526	6 315	6 656	7 026
Trading services		**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**2 939**	**35 264**	**43 227**	**47 996**
Energy sources		2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	2 574	30 892	38 020	42 499
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		364	364	364	364	364	364	364	364	364	364	364	364	4 372	5 207	5 497
Other													–	–	–	–
Total Expenditure - Functional		**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**18 225**	**218 704**	**242 127**	**258 338**
Surplus/(Deficit) before assoc.		**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**	**0**
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**	**0**

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Re	Budget Year 2017/18												Medium Term Revenue and Expenditure		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure *to be a*	1															
Vote 1 - Executive Council													–	–	–	–
Vote 2 - Budget & Treasury													–	–	–	–
Vote 3 - Corporate Services													–	–	–	–
Vote 4 - Planning and Development													–	–	–	–
Vote 5 - Health													–	–	–	–
Vote 6 - Community & Social													–	–	–	–
Vote 7 - Housing													–	–	–	–
Vote 8 - Public Saftey													–	–	–	–
Vote 9 - Sports & Recreation													–	–	–	–
Vote 10 - Environment													–	–	–	–
Vote 11 - Waste Management													–	–	–	–
Vote 12 - Electricity													–	–	–	–
Vote 13 - Roads & Stormwater													–	–	–	–
Vote 14 -													–	–	–	–
Vote 15 -													–	–	–	–
Capital multi-year expenditure	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*																
Vote 1 - Executive Council		1	1	1	1	1	1	1	1	1	1	1	1	10	–	–
Vote 2 - Budget & Treasury		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		33	33	33	33	33	33	33	33	33	33	33	33	400	–	–
Vote 4 - Planning and Developmer		1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	19 608	7 178	–
Vote 5 - Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Community & Social		208	208	208	208	208	208	208	208	208	208	208	208	2 500	1 706	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Public Saftey		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - Sports & Recreation		17	17	17	17	17	17	17	17	17	17	17	17	200	200	–
Vote 10 - Environment		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Waste Management		47	47	47	47	47	47	47	47	47	47	47	47	560	–	–
Vote 12 - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Roads & Stormwater		2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	2 870	34 443	37 857	39 882
Vote 14 -													–	–	–	–
Vote 15 -													–	–	–	–
Capital single-year expenditur	2	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**57 721**	**46 941**	**39 882**
Total Capital Expenditure	2	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**4 810**	**57 721**	**46 941**	**39 882**

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**34**	**410**	**–**	**–**
Executive and council		1	1	1	1	1	1	1	1	1	1	1	1	10	–	–
Finance and administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Internal audit		33	33	33	33	33	33	33	33	33	33	33	33	400	–	–
Community and public safety		**225**	**225**	**225**	**225**	**225**	**225**	**225**	**225**	**225**	**225**	**225**	**225**	**2 700**	**1 906**	**–**
Community and social services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sport and recreation		17	17	17	17	17	17	17	17	17	17	17	17	200	200	–
Public safety		208	208	208	208	208	208	208	208	208	208	208	208	2 500	1 706	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental servic		**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**4 395**	**5 709**	**54 051**	**45 035**	**39 882**
Planning and development		1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	1 634	19 608	7 178	–
Road transport		2 761	2 761	2 761	2 761	2 761	2 761	2 761	2 761	2 761	2 761	2 761	4 075	34 443	37 857	39 882
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**560**	**–**	**–**
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		47	47	47	47	47	47	47	47	47	47	47	47	560	–	–
Other													**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	2	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**4 701**	**6 015**	**57 721**	**46 941**	**39 882**
Funded by:																
National Government													**45 321**	**45 321**	**37 857**	**39 882**
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45 321**	**45 321**	**37 857**	**39 882**
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds													12 400	12 400	9 084	–
Total Capital Funding		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	57 721	57 721	46 941	39 882

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Receipts By Source													1		
Property rates		2,238	2,238	2,238	2,238	2,238	2,238	2,238	2,238	2,238	2,238	–	22,383,265	23,592	24,866
Service charges - electricity revenue	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,555	13,233	13,948
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	509	509	509	509	509	509	509	509	509	509	509	509	6,104	6,433	6,780
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	27	27	27	27	27	27	27	27	27	27	27	27	325	342	361
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3,000	3,162	3,333
Interest earned - outstanding debtors	17	17	17	17	17	17	17	17	17	17	17	17	208	361	412
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Licences and permits	83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,054	1,111
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	12,729	12,729	12,729	12,729	12,729	12,729	12,729	12,729	12,729	12,729	12,729	12,729	152,744	169,732	181,408
Other revenue												517	517	584	615
Cash Receipts by Source	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**16,570**	**15,179**	**198,840**	**218,499**	**232,839**
Other Cash Flows by Source															
Transfer receipts - capital	11,421		9,623						11,421			12,856	45,321	35,964	37,888
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)															
& Transfers and subsidies - capital (in-kind -	–	–	–	–	–	–	–	–	–	–	–	–	–		
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(132)	(1,585)		
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	**27,859**	**16,438**	**26,061**	**16,438**	**16,438**	**16,438**	**16,438**	**16,438**	**27,859**	**16,438**	**16,438**	**27,903**	**242,576**	**254,463**	**270,727**
Cash Payments by Type															
Employee related costs	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	6,080	72,961	76,900	81,361
Remuneration of councillors	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	1,142	13,700	14,440	15,278
Finance charges	179	179	179	179	179	179	179	179	179	179	179	179	2,150	2,266	2,388
Bulk purchases - Electricity	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	14,596	16,385	17,496
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–			
Other materials	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	18,288	19,276	22,342
Contracted services	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	13,594	14,944	15,733
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	888	888	888	888	888	888	888	888	888	888	888	888	10,650	15,685	18,722
Other expenditure	3,825	3,825	3,825	3,825	3,825	3,825	3,825	3,825	3,825	3,825	3,825	3,825	45,903	50,841	56,375
Cash Payments by Type	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**15,987**	**191,842**	**210,737**	**229,695**
Other Cash Flows/Payments by Type															
Capital assets	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	4,810	57,721	46,941	39,882
Repayment of borrowing	101	101	101	101	101	101	101	101	101	101	101	101	1,210	1,300	1,500
Other Cash Flows/Payments												–			
Total Cash Payments by Type	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**20,898**	**250,773**	**258,978**	**271,077**
NET INCREASE/(DECREASE) IN CASH HELD	**6,961**	**(4,460)**	**5,163**	**(4,460)**	**(4,460)**	**(4,460)**	**(4,460)**	**(4,460)**	**6,961**	**(4,460)**	**(4,460)**	**7,005**	**(8,197)**	**(4,515)**	**(350)**
Cash/cash equivalents at the month/year begin:	14,744	21,705	17,245	22,408	17,949	13,489	9,029	4,569	109	7,071	2,611	(1,849)	14,744	6,547	2,032
Cash/cash equivalents at the month/year end:	21,705	17,245	22,408	17,949	13,489	9,029	4,569	109	7,071	2,611	(1,849)	5,156	6,547	2,032	1,681

2.13 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class							
Infrastructure		–	–	–	**34 143**	**37 858**	**39 882**
Roads Infrastructure		–	–	–	34 143	37 858	39 882
Roads					34 143	37 858	39 882
Road Structures							
Road Furniture							
Capital Spares							
Storm water Infrastructure		–	–	–	–	–	–
Drainage Collection							
Storm water Conveyance							
Attenuation							
Community Assets		–	–	–	**2 500**	**1 706**	**–**
Community Facilities		–	–	–	2 500	1 706	–
Halls							
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations					2 500	1 706	
Museums							
Galleries							
Theatres							
Libraries							
Cemeteries/Crematoria							
Police							
Sport and Recreation Facilities		–	–	–	–	–	–
Indoor Facilities							
Outdoor Facilities							
Capital Spares							
Other assets		–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–
Municipal Offices							
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Laboratories							
Training Centres							
Manufacturing Plant							
Depots							
Capital Spares							
Biological or Cultivated Assets		–	–	–	–	–	–
Biological or Cultivated Assets							
Intangible Assets		–	–	–	–	–	–
Servitudes							
Licences and Rights		–	–	–	–	–	–
Water Rights							
Unspecified							
Computer Equipment		–	–	–	190	–	–
Computer Equipment					190		
Furniture and Office Equipment		–	–	–	300	–	–
Furniture and Office Equipment					300		
Machinery and Equipment		–	–	–	910	–	–
Machinery and Equipment					910		
Transport Assets		–	–	–	–	–	–
Transport Assets							
Libraries		–	–	–	–	–	–
Libraries							
Zoo's, Marine and Non-biological Animal		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals							
Total Capital Expenditure on new ass	1	–	–	–	**38 043**	**39 564**	**39 882**

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset cla

Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on renewal of existing assets by Asset Class/Sub-class							
Infrastructure		–	–	–	**11,678**	**200**	–
Roads Infrastructure		–	–	–	11,478	–	–
Roads					11,478		
Road Structures							
Road Furniture							
Capital Spares							
Storm water Infrastructure		–	–	–	–	–	–
Drainage Collection							
Storm water Conveyance							
Attenuation							
Sanitation Infrastructure		–	–	–	200	200	–
Pump Station							
Reticulation					200	200	
Waste Water Treatment Works							
Outfall Sewers							
Toilet Facilities							
Capital Spares							
Solid Waste Infrastructure		–	–	–	–	–	–
Landfill Sites							
Waste Transfer Stations							
Waste Processing Facilities							
Waste Drop-off Points							
Waste Separation Facilities							
Electricity Generation Facilities							
Capital Spares							
Information and Communication Infrastructure		–	–	–	–	–	–
Data Centres							
Core Layers							
Distribution Layers							
Capital Spares							
Community Assets		–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–
Halls							
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations							
Museums							
Galleries							
Heritage assets		–	–	–	–	–	–
Monuments							
Historic Buildings							
Works of Art							
Conservation Areas							
Other Heritage							
Investment properties		–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–
Improved Property							
Unimproved Property							
Non-revenue Generating		–	–	–	–	–	–
Improved Property							
Unimproved Property							
Other assets		–	–	–	**8,000**	**7,178**	–
Operational Buildings		–	–	–	8,000	7,178	–
Municipal Offices					8,000	7,178	
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Stores							
Biological or Cultivated Assets		–	–	–	–	–	–
Biological or Cultivated Assets							
Intangible Assets		–	–	–	–	–	–
Servitudes							
Licences and Rights		–	–	–	–	–	–
Water Rights							
Computer Equipment		–	–	–	–	–	–
Computer Equipment							
Furniture and Office Equipment		–	–	–	–	–	–
Furniture and Office Equipment							
Machinery and Equipment		–	–	–	–	–	–
Machinery and Equipment							
Transport Assets		–	–	–	–	–	–
Transport Assets							
Libraries		–	–	–	–	–	–
Libraries							
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals							
Total Capital Expenditure on renewal of exist	1	–	–	–	**19,678**	**7,378**	–
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*34.1%*	*15.7%*	*0.0%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*85.6%*	*29.7%*	*0.0%*

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class							
Description	Re	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class							
Infrastructure					**21 670**	**22 841**	**25 126**
Roads Infrastructure					10 797	11 381	13 021
Roads					10 336	10 895	12 509
Road Structures							
Road Furniture							
Capital Spares					461	486	512
Storm water Infrastructure					5 601	5 903	6 235
Drainage Collection					5 601	5 903	6 235
Storm water Conveyance							
Attenuation							
Electrical Infrastructure					5 272	5 557	5 870
Power Plants							
HV Substations					5 272	5 557	5 870
Information and Communication Infrastructure					–	–	–
Data Centres							
Core Layers							
Distribution Layers							
Capital Spares							
Community Assets					**3 858**	**4 067**	**4 286**
Community Facilities					3 500	3 689	3 888
Halls							
Centres							
Crèches							
Clinics/Care Centres							
Fire/Ambulance Stations							
Testing Stations							
Museums							
Galleries							
Theatres							
Libraries							
Cemeteries/Crematoria							
Police							
Purls							
Public Open Space					3 500	3 689	3 888
Nature Reserves							
Public Ablution Facilities							
Markets							
Stalls							
Abattoirs							
Airports							
Taxi Ranks/Bus Terminals							
Capital Spares							
Sport and Recreation Facilities					358	378	398
Indoor Facilities							
Outdoor Facilities					358	378	398
Capital Spares					–	–	–
Heritage assets					–	–	–
Investment properties					**–**	**–**	**–**
Revenue Generating					–	–	–
Improved Property							
Unimproved Property							
Non-revenue Generating					–	–	–
Improved Property							
Unimproved Property							
Other assets					**1 772**	**1 868**	**1 969**
Operational Buildings					1 772	1 868	1 969
Municipal Offices					1 772	1 868	1 969
Pay/Enquiry Points							
Building Plan Offices							
Workshops							
Yards							
Intangible Assets					–	–	–
Computer Equipment					–	–	–
Computer Equipment							
Furniture and Office Equipment					909	958	3 035
Furniture and Office Equipment					909	958	3 035
Machinery and Equipment					2 481	2 615	2 756
Machinery and Equipment					2 481	2 615	2 756
Transport Assets					–	–	–
Transport Assets							
Libraries					–	–	–
Libraries							
Zoo's, Marine and Non-biological Animals					–	–	–
Zoo's, Marine and Non-biological Animals							
Total Repairs and Maintenance Expend	1				**30 691**	**32 349**	**37 173**
R&M as a % of PPE		*7.0%*	*6.4%*	*6.4%*	*0.0%*	*7.9%*	*9.0%*
R&M as % Operating Expenditure		*13.0%*	*12.7%*	*12.7%*	*0.0%*	*14.8%*	*15.4%*

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description		**Revenue & Expenditure Fram**			**Forecasts**			
R thousand		**Budget Year 2017/18**	**Budget Year +1 2018/19**	**Budget Year +2 2019/20**	**Forecast 2020/21**	**Forecast 2021/22**	**Forecast 2022/23**	**Present value**
Capital expenditure	1							
Vote 1 - Executive Council		10	–	–				
Vote 2 - Budget & Treasury		–	–	–				
Vote 3 - Corporate Services		400	–	–				
Vote 4 - Planning and Development		19 608	7 178	–				
Vote 5 - Health		–	–	–				
Vote 6 - Community & Social		2 500	–	–				
Vote 7 - Housing		–	–	–				
Vote 8 - Public Saftey		–	–	–				
Vote 9 - Sports & Recreation		200	200	–				
Vote 10 - Environment		–	–	–				
Vote 11 - Waste Management		560	–	–				
Vote 12 - Electricity		–	–	–				
Vote 13 - Roads & Stormwater		34 443	35 964	37 888				
Vote 14 -		–	–	–				
Vote 15 -		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**57 721**	**43 342**	**37 888**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - Executive Council								
Vote 2 - Budget & Treasury								
Vote 3 - Corporate Services								
Vote 4 - Planning and Development								
Vote 5 - Health								
Vote 6 - Community & Social								
Vote 7 - Housing								
Vote 8 - Public Saftey								
Vote 9 - Sports & Recreation								
Vote 10 - Environment								
Vote 11 - Waste Management								
Vote 12 - Electricity								
Vote 13 - Roads & Stormwater								
Vote 14 -								
Vote 15 -								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		**57 721**	**43 342**	**37 888**	**–**	**–**	**–**	**–**

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	4				6	3	3	5	Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality:													
List all capital projects grouped by Municipal Vote													
Vote 1 - Executive and Council		**2x laptop**	**5**		No	*Other Assets*	*Computers - hardware/equipment*						
Municipal Mananger		2 laptops	6	MTID02	No	*Other Assets*	*Computers - hardware/equipment*				10		
		1 laptop (CAE)	7		No	*Other Assets*	*Computers - hardware/equipment*						
		printer	8		No	*Other Assets*	*Computers - hardware/equipment*						
		1 Printer(specialised printer)	9		No	*Other Assets*	*Computers - hardware/equipment*						
		PA system	10		No	*Other Assets*	*Furniture and other office equipment*						
		Loud hailers	11		No	*Other Assets*	*Furniture and other office equipment*						
		Camera	12		No	*Other Assets*	*Furniture and other office equipment*						
		Office Desk	13		No	*Other Assets*	*Furniture and other office equipment*						
		Office Desks	3		No	*Other Assets*	*Furniture and other office equipment*						
		Office Equipment			No	*Other Assets*	*Furniture and other office equipment*						
Vote 2 - Budget and Terasury		4 x Laptop	14		No	*Other Assets*	*Computers - hardware/equipment*						
		5 x Computers	15		No	*Other Assets*	*Computers - hardware/equipment*						
		2 x L-shape Desks	16		No	*Other Assets*	*Furniture and other office equipment*						
		Filling Cabinet			No	*Other Assets*	*Furniture and other office equipment*						
		2x Combo Desks			No	*Other Assets*	*Furniture and other office equipment*						
Vote 3 - Corporate Services		Server upgrade	17		No	*Other Assets*	*Computers - hardware/equipment*						
		Biometric access control	18		No	*Other Assets*	*Computers - hardware/equipment*						
		Furniture	19	MTID02	No	*Other Assets*	*Furniture and other office equipment*				300		
		Generator			No	*Other Assets*	*Furniture and other office equipment*						
		Computers		MTID02	No	*Other Assets*	*Computers - hardware/equipment*				100		
		Laptop			No	*Other Assets*	*Computers - hardware/equipment*						
		Air conditioners											
Vote 4 - Community and Social Serv		Furniture	31		No	*Community*	*Swimming pools*						
		Pool vacuum	32		No	*Other Assets*	*Plant & equipment*						
		Establish cricket ground	33		No	*Community*	*Sportsfields & stadia*	*29°8'8.634"S ; 31°23'51.742"E*					
		Upgrade tennis court	34		No	*Community*	*Sportsfields & stadia*	*9°7'36.264"S ; 31°23'33.415"E*					
		Combo Goal Posts Sport field	35		No	*Community*	*Sportsfields & stadia*	*29°8'8.634"S ; 31°23'51.742"E*					
		Laptops	36		No	*Other Assets*	*Computers - hardware/equipment*						
		Printers	37		No	*Other Assets*	*Computers - hardware/equipment*						
		Acoustics instllation - Sibusisiw e	38		No	*Community*	*Community halls*	*29°5'1.211"S ; 31°24'42.023"E*					
		Mobile Libraries	39		No	*Other Assets*	*Furniture and other office equipment*						
		Library Furniture and computers	40		No	*Other Assets*	*Furniture and other office equipment*						
		Library carpets and painting	41		No	*Other Assets*	*Furniture and other office equipment*						
		Community Hall			No	*Land & Buidings*	*Community halls*						
		Cemetery			No	*Land & Buidings*	*Land & Buidings*						

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4				6	3	3	5	Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:															
List all capital projects grouped by Municipal Vote															
Vote 5 - Sport and Recreation		Quid bikes		CSSD06							200	200		Ward 1&2	New
		Swimming pool development			No	*Community*	*Swimming Pool*	*29°8'8.838"S ; 31°23'55.13"E*						Ward 15	New
		Sport field and stadium			No	*Community*	*Sportsfields & stadia*							Ward 9,14 &15	Renewal
		Beach stands													
		Rescue boat													
Vote 6 - Public Safety		Traffic Patrol Vehicles		CSSD0	No	*Other Assets*	*General Vehicle*							Ward 3	New
		Establishment of new Protection Services Centre					*Buildings*	*9°10'14.453"S ; 31°25'54.917"E*			2 500	1 706		Ward 3	New
Vote 7 - Housing															
Vote 8 - Health															
Vote 9 - Planning and Development		Furniture	77		No	*Other Assets*	*Furniture and other office equipment*							Ward 3	New
		Computers	78		No	*Other Assets*	*Computers - hardware/equipment*								
		Computers for new recruits				*Other Assets*	*Computers - hardware/equipment*								
		Office Furniture for new recruits	82		No	*Other Assets*	*Furniture and other office equipment*								
		Fridge	87		No	*Other Assets*	*Furniture and other office equipment*								
		Reception furniture	88		No	*Other Assets*	*Furniture and other office equipment*								
		Refurbishment of existing and pro	89	MTID03	No	*Community*	*Buildings*	*9°9'12.938"S ; 31°24'33.092"E*			8 000	7 177		Ward 3 & 15	Renewal
		Ablutions and changerooms incl. l	90		No	*Community*	*Buildings*								
		Informal trader stalls	91		No	*Community*	*Other Buildings*								
		Light Delivery Vehicles (LDV's)	92		No	*Other Assets*	*General vehicles*								
		trailers	93		No	*Other Assets*	*Plant & equipment*								
		workshop equipment	94		No	*Other Assets*	*Plant & equipment*								
		Airconditioners			No	*Other Assets*	*Plant & equipment*							Ward 3	New
		Ingwenya nature reseve		LED08	No	*Other Assets*	*Plant & equipment*	*9°10'14.453"S ; 31°25'54.917"E*			200			Ward 3	Renewal
		ArcGIS extensions		SEM05			*Plant & equipment*	*29°5'1.737"S ; 31°24'41.846"E*			80			Ward 3	New
Vote 10 - Environmental Protection		Brushcutters	96		No	*Other Assets*	*Plant & equipment*								
		ride mower	97		No	*Other Assets*	*Plant & equipment*								
		4 tonne crew cab and load bin tru	98		No	*Other Assets*	*Plant & equipment*								
		Wood chipper	99		No	*Other Assets*	*Plant & equipment*								
		Push mowers	100		No	*Other Assets*	*Plant & equipment*								
		Plant nursery	101		No	*Other Assets*	*Plant & equipment*								
		Plants and trees	102		No	*Other Assets*	*Plant & equipment*								
		Storage container	103		No	*Other Assets*	*Plant & equipment*								
		Small tools	104		No	*Other Assets*	*Plant & equipment*								

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Prior year outcomes		2017/18 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4				6	3	3	5	Audited Outcome 2015/16	Current Year 2016/17 Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location	New or renewal
Parent municipality:															
List all capital projects grouped by Municipal Vote															
Vote 11 - Road transport		Counter funding on MIG Projects	109	BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*							Various Wards	Renew al
		Rehabilitation of urban roads	110		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°8'46.624"S ; 31°24'8.773"E*			300			Ward 7 &15	New
		Rehabilitation of rural roads					*Roads, Pavements & Bridges*								
		Roll overs on Grants	116		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*								
		CBD Upgrade and improvement	117	BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°8'46.624"S ; 31°24'8.773"E*			11 178			Ward 7	Existing
		Masomonce minibus taxi route	118		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°6'56.056"S ; 31°24'12.104"E*							
		Sundumbili roads Phase 6	119		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*								
		Inyoni taxi route Phase 1	120		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°6'37.14"S ; 31°25'24.555"E*							
		Inyoni taxi route Phase 2	121		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°6'37.14"S ; 31°25'24.555"E*							
		Sundumbili Roads Upgrade Phase	122		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*								
		Sport facilities (p-component)	123		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*							Ward 7	New
		Inyoni Taxi route phase 3	124	BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°6'37.14"S ; 31°25'24.555"E*			4 287			Ward 10	Renew al
		Upgrading/ Conclusion of New ark	125		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°11'16.502"S ; 31°25'16.62"E*							Renew al
		Chappies sportfield	126	CSSD05	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°7'52.762"S ; 31°23'12.115"E*			2 728			Ward 14	New
		Rural Roads Upgrade	127		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*								
		Hardened Sidew alks	128	BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°5'1.737"S ; 31°24'41.846"E*			1 000			Ward 3	New
		PMU (5% Top slice)	129		No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*								
		Extension of Hlomendlini Bus Route (Esiphe		BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*				3 139			Ward 4	Renew al
		Nyoni Housing Bulk Roads and Storm-w ate		BSD03	No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°11'45.812"S; 31°24'48.281"E*							Renew al
		Rehabilitation of Mandeni Rural Gravel Roads Prog			No	*Infrastructure - Road transport*	*Roads, Pavements & Bridges*	*29°6'39.415"S ; 31°25'44.468"E*							Renew al
		Relocate Thokoza Sportfield													
		Hall Isithebe													
		Upgrade Highview park Roads		BSD03				*29°11'16.502"S ; 31°25'16.62"E*			11 430	37 858	39 882	Ward 3	Renew al
		Plant & equipment Diagnostic machine		BSD03			*Plant & equipment*	*29°5'1.737"S ; 31°24'41.846"E*			150			Ward 3	New
		Ablution facilities and grand stands for Spo		CSSD05			*Sportsfields & stadia*	*29°5'1.737"S ; 31°24'41.846"E*			750			Ward 3	Renew al
		Ablution facilities and grand stands for Spo		CSSD05			*Sportsfields & stadia*	*29°5'1.737"S ; 31°24'41.846"E*			750			Ward 3	Renew al
		Recreational Play Park facilities		CSSD05			*Sportsfields & stadia*	*29°5'1.737"S ; 31°24'41.846"E*			1 000			Ward 4	New
		Upgrade and Improvement of Machibini Spo		CSSD05			*Sportsfields & stadia*				2 000			Ward 12	Existing
		Planned Sportsfield at Enembe / Dendetu		CSSD05			*Sportsfields & stadia*				2 000			Ward 5	New
		Construct 1 multi-purpose Hall		CSSD05			*Community halls*				4 249			Ward 13	New
		Construct 1 multi-purpose Hall		CSSD05			*Community halls*				210			Ward 18	Existing
		Construction of a Sw imming Pool		CSSD05			*Swimming pools*				300			Ward 15	New
		Relocation of the Sundumbili Plaza Sports fi		CSSD05			*Plant & equipment*				300			Ward 7	
Vote 12 - Waste Management		Skips (Communal Bins)	130	BSD05	No	*Other Assets*	*Plant & equipment*				400			All w ards	New
		Wood chipper	131		No	*Other Assets*	*Plant & equipment*								
		Wheelie bins & street bins	132	BSD05	No	*Other Assets*	*Plant & equipment*				60			All w ards	New
		TLB			No	*Other Assets*	*General Vehicle*							Ward 3	New
		Waste Separation Facility			No	*Other Assets*	*Plant & equipment*							Ward 3	New
		Procurement of 50 No Dumping signs moun		BSD05			*Plant & equipment*				100			All w ards	New
Vote 13 - Electricity		Refurbish 11kv overhead pow er l	133		No	*Infrastructure - Electricity*	*Transmission & Reticulation*	*29°5'1.737"S ; 31°24'41.846"E*						Ward 3	New
		Pre-paid electricity Metering	134		No	*Infrastructure - Electricity*	*Transmission & Reticulation*	*29°9'54.278"S; 31°25'43.145"E*							
		Increase the NMD on Mandini Lice	135		No	*Infrastructure - Electricity*	*Transmission & Reticulation*								
		Fencing of sub-stations	136		No	*Infrastructure - Electricity*	*Transmission & Reticulation*								
		Streetlighting (new)	137		No	*Infrastructure - Electricity*	*Street Lighting*							All Wards	New
		Fault finding machine	138		No	*Other Assets*	*Plant & equipment*	*29°5'1.737"S ; 31°24'41.846"E*							
														Ward 3	New
Entity Capital expenditure									–	–	–	–	–		
Total Capital expenditure									–	–	57 721	46 941	39 882		

2.15 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee
An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan
The detail SDBIP document is at a stage and will be finalised after approval of the 2017/18 MTREF in June 2017 directly aligned and informed by the 2017/18 MTREF.

Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal center and training is ongoing.

Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

2.16 Other supporting documents

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance

Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

KZN291 Mandeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'								
Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framev		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
REVENUE ITEMS:								
Property rates	6							
Total Property Rates						32 415	34 166	36 011
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)						1 627	1 714	1 807
Net Property Rates		–	–	–	–	**30 789**	**32 451**	**34 203**
Service charges - electricity revenue	6							
Total Service charges - electricity revenue						17 270	18 202	19 185
less Revenue Foregone (in excess of 50 kwh per indigent household per month)								
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–		–	–	–
Net Service charges - electricity revenue		–	–	–	–	**17 270**	**18 202**	**19 185**
Service charges - refuse revenue	6							
Total refuse removal revenue						8 395	8 849	9 327
Total landfill revenue								
less Revenue Foregone (in excess of one removal a week to indigent households)								
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–		–	–	–
Net Service charges - refuse revenue		–	–	–	–	**8 395**	**8 849**	**9 327**
Other Revenue by source								
Tender fees						100	105	111
Town Planning Fees						100	105	111
Building Plan Fees						50	53	56
Photocopy Charges						20	21	22
Sundry Income						180	190	200
VAT Refund						–	–	–
Fire Services						30	32	34
Entrance Fees - Swimming Pool						6	6	7
Connection Fees						20	60	63
Reconnection Fees						10	11	11
Other						–	–	–
Total 'Other' Revenue	3 1	–	–	–	–	**517**	**584**	**615**

KZN291 Mandeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description		Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framev		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE ITEMS:								
Employee related costs								
Basic Salaries and Wages	2					60 239	63 492	67 174
Pension and UIF Contributions						3 572	3 765	3 983
Medical Aid Contributions						1 824	1 923	2 034
Overtime						146	154	163
Performance Bonus						352	371	393
Motor Vehicle Allowance						6 234	6 571	6 952
Cellphone Allowance						260	274	290
Housing Allowances						333	351	371
Other benefits and allowances								
Payments in lieu of leave						–	–	–
Long service awards						–	–	–
Post-retirement benefit obligations	4					–	–	–
sub-total	5	**–**	**–**	**–**	**–**	**72 961**	**76 900**	**81 361**
Less: Employees costs capitalised to PPE								
Total Employee related costs	1	**–**	**–**	**–**	**–**	**72 961**	**76 900**	**81 361**
Contributions recognised - capital								
List contributions by contract								
Total Contributions recognised - capital		**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation & asset impairment								
Depreciation of Property, Plant & Equipment						23 000	24 819	26 153
Lease amortisation								
Capital asset impairment								
Depreciation resulting from revaluation of PPE	10							
Total Depreciation & asset impairment	1	**–**	**–**	**–**	**–**	**23 000**	**24 819**	**26 153**
Bulk purchases								
Electricity Bulk Purchases						14 596	16 385	17 496
Water Bulk Purchases								
Total bulk purchases	1	**–**	**–**	**–**	**–**	**14 596**	**16 385**	**17 496**
Transfers and grants								
Cash transfers and grants		–	–	–	–	650	685	722
Non-cash transfers and grants		–	–	–	–	10 000	15 000	18 000
Total transfers and grants	1	**–**	**–**	**–**	**–**	**10 650**	**15 685**	**18 722**
Contracted services								
Security - Alarms/Cash in Transit						50	53	56
Security Services Contractor						5 900	6 219	6 554
Disaster Management- Outsourced						4 694	4 948	5 215
Contractors -Information Technology						–	–	–
Contractors -Communications						696	751	773
Contractors -Prepaid Metering System						450	474	500
Contractors -Refuse						1 804	2 500	2 635
sub-total	1	**–**	**–**	**–**	**–**	**13 594**	**14 944**	**15 733**
Allocations to organs of state:								
Electricity								
Water								
Sanitation								
Other								
Total contracted services		**–**	**–**	**–**	**–**	**13 594**	**14 944**	**15 733**
Other Expenditure By Type								
Collection costs						–	–	–
Contributions to 'other' provisions						–	–	–
Consultant fees						4 735	4 991	5 260
Audit fees						2 310	2 435	2 566
General expenses	3					10 700	11 254	11 986
Grant and subisdies expenditure						–	–	–
Lease Vehicles						779	821	866
Ward Committees						2 600	2 740	2 888
Public Participation						2 135	2 251	2 372
Training and Development						1 604	1 666	1 882
Telephone						1 792	1 889	1 991
Fuel & Oil						2 635	2 777	2 927
Subsistance & Travelling						2 264	2 386	2 515
Advertising - Statutory						527	575	606
Community Uplifment Programmes						3 314	6 093	5 661
Traffic and Law Enforcement Programme						122	129	136
Sports and Recreation						–	–	–
Plans and Frameworks						5 350	8 053	7 380
Siyaya Development Coastal Plan						–	–	–
Shared Service District Town Planning						500	500	500
LED Programmes						1 265	1 333	1 405
Youth programmes						555	585	617
Aids Awareness Campaign						–	–	–
Insurances - General						474	500	527
Licences- Software						800	843	889
Printing & Stationery						1 441	1 519	1 601
Contributions to CRR						–	–	–
Total 'Other' Expenditure	1	**–**	**–**	**–**	**–**	**45 903**	**53 341**	**54 575**

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Re	Vote 1 - Executive and	Vote 2 - Budget and	Vote 3 - Corporate	Vote 4 - Community and	Vote 5 - Sport and	Vote 6 - Public Safety	Vote 7 - Housing	Vote 8 - Health	Vote 9 - Planning and	Vote 10 - Environmental	Vote 11 - Road transport	Vote 12 - Waste Manage	Vote 13 - Electricity	Vote 14 - [NAME OF	Vote 15 - [NAME OF	Total
R thousand	1	R'000	R'000	R'000	R'000	R'000	R'000									R'000	R'000
Revenue By Source																	
Property rates		–	30 789	–	–	–	–	–	–	–	–	–	–	–			**30 789**
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–			**–**
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	17 270			**17 270**
Service charges - water revenue																	**–**
Service charges - sanitation revenue																	**–**
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	–	–	8 395	–			**8 395**
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–			**–**
Rental of facilities and equipment		–	–	–	65	–	–	–	–	240	–	–	–	–			**305**
Interest earned - external investments		–	3 000	–	–	–	–	–	–	–	–	–	–	–			**3 000**
Interest earned - outstanding debtors		–	4 160	–	–	–	–	–	–	–	–	–	–	–			**4 160**
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–			**–**
Fines		–	–	–	5	–	500	–	–	–	–	–	–	–			**505**
Licences and permits		–	–	–	–	–	1 000	–	–	–	–	–	–	–			**1 000**
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–			**–**
Other revenue		–	300	–	20	6	30	–	–	150	–	–	–	30			**536**
Transfers recognised - operational		6 902	122 975	–	2 639	–	–	–	–	1 728	–	–	5 000	13 500			**152 744**
Gains on disposal of PPE																	**–**
Total Revenue (excluding capital transfers and		6 902	161 223	–	2 729	6	1 530	–	–	2 118	–	–	13 395	30 800	–	–	**218 704**
Expenditure By Type																	
Employee related costs		8 726	12 075	9 940	7 591	379	7 355	–	–	14 995	2 468	5 120	2 068	2 243			**72 961**
Remuneration of councillors		13 700	–	–	–	–	–	–	–	–	–	–	–	–			**13 700**
Debt impairment		–	3 862	–	–	–	–	–	–	–	–	–	–	–			**3 862**
Depreciation & asset impairment		–	23 000	–	–	–	–	–	–	–	–	–	–	–			**23 000**
Finance charges		–	2 150	–	–	–	–	–	–	–	–	–	–	–			**2 150**
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	14 596			**14 596**
Other materials		66	211	705	454	395	422	–	–	3 234	3 500	6 885	–	2 416			**18 288**
Contracted services		–	450	–	–	–	11 340	–	–	–	–	–	1 804	–			**13 594**
Transfers and grants		–	–	–	–	–	–	–	–	–	–	–	100	10 550			**10 650**
Other expenditure		15 293	5 707	7 704	1 997	738	933	–	–	9 247	347	2 452	400	1 086			**45 903**
Loss on disposal of PPE																	**–**
Total Expenditure		**37 785**	**47 455**	**18 349**	**10 042**	**1 511**	**20 050**	**–**	**–**	**27 476**	**6 315**	**14 457**	**4 372**	**30 892**	**–**	**–**	**218 704**
Surplus/(Deficit)		(30 883)	**113 768**	**(18 349)**	**(7 313)**	**(1 505)**	**(18 520)**	**–**	**–**	**(25 358)**	**(6 315)**	**(14 457)**	**9 023**	**(92)**	**–**	**–**	**(0)**
Transfers recognised - capital		–	–	–	–	–	–	–	–	11 178	–	34 143	–	–			**45 321**
Contributions recognised - capital		–	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**		**–**	**–**			**–**
Contributed assets																	**–**
Surplus/(Deficit) after capital transfers & contrit		**(30 883)**	**113 768**	**(18 349)**	**(7 313)**	**(1 505)**	**(18 520)**			**(14 180)**	**(6 315)**	**19 686**	**9 023**	**(92)**			**45 321**

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'							
Description	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure		
R thousand		Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS							
Call investment deposits							
Call deposits							
Other current investments							
Total Call investment deposits	2	–	–	–	–	–	–
Consumer debtors							
Consumer debtors					115 000	131 000	150 000
Less: Provision for debt impairment					(75 182)	(80 182)	(88 182)
Total Consumer debtors	2	–	–	–	**39 818**	**50 818**	**61 818**
Debt impairment provision							
Balance at the beginning of the year					74 460	75 182	80 182
Contributions to the provision					3 862	4 070	4 290
Bad debts written off					(2 497)	(5 000)	(2 000)
Balance at end of year		–	–	–	**75 825**	**74 252**	**82 472**
Property, plant and equipment (PPE)							
PPE at cost/valuation (excl. finance leases)					536 973	558 983	606 909
Leases recognised as PPE	3						
Less: Accumulated depreciation					126 277	145 000	170 000
Total Property, plant and equipment (PPE)	2	–	–	–	**410 696**	**413 983**	**436 909**
LIABILITIES							
Current liabilities - Borrowing							
Short term loans (other than bank overdraft)							
Current portion of long-term liabilities					1 210	1 300	1 500
Total Current liabilities - Borrowing		–	–	–	**1 210**	**1 300**	**1 500**
Trade and other payables							
Trade and other creditors					11 000	5 000	5 000
Unspent conditional transfers					13 700	2 000	2 000
VAT							
Total Trade and other payables	2	–	–	–	**24 700**	**7 000**	**7 000**
Non current liabilities - Borrowing							
Borrowing	4						
Finance leases (including PPP asset element)					2 150	2 266	2 388
Total Non current liabilities - Borrowing		–	–	–	**2 150**	**2 266**	**2 388**
Provisions - non-current							
Retirement benefits					17 000	14 500	12 500
List other major provision items							
Refuse landfill site rehabilitation							
Other							
Total Provisions - non-current		–	–	–	**17 000**	**14 500**	**12 500**
CHANGES IN NET ASSETS							
Accumulated Surplus/(Deficit)							
Accumulated Surplus/(Deficit) - opening balance					407 748	453 069	489 033
GRAP adjustments							
Restated balance		–	–	–	407 748	453 069	489 033
Surplus/(Deficit)		–	–	–	45 321	35 964	37 888
Appropriations to Reserves							
Transfers from Reserves							
Depreciation offsets							
Other adjustments							
Accumulated Surplus/(Deficit)	1	–	–	–	**453 069**	**489 033**	**526 921**
Reserves							
Housing Development Fund					1 800	1 800	1 800
Capital replacement							
Self-insurance							
Other reserves							
Revaluation							
Total Reserves	2	–	–	–	**1 800**	**1 800**	**1 800**
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	–	**454 869**	**490 833**	**528 721**

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2013/14 Outcome	2014/15 Outcome	2015/16 Outcome	Current Year 2016/17 Original Budget	2017/18 Medium Term Revenue & Expenditure Framework Outcome	Outcome	Outcome
Demographics												
Population					138	138	138	138	138	134		
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment					57	57	57	57	57	58		
Monthly household income (no. of	1,											
No income					55 739	55 739	55 739	55 739	55 739	55 740		
R1 - R1 600					2 071	2 071	2 071	2 071	2 071	33 612		
R1 601 - R3 200					3 971	3 971	3 971	3 971	3 971	3 971		
R3 201 - R6 400					9 818	9 818	9 818	9 818	9 818	9 818		
R6 401 - R12 800					8 735	8 735	8 735	8 735	8 735	8 735		
R12 801 - R25 600					4 414	4 414	4 414	4 414	4 414	4 414		
R25 601 - R51 200					2 135	2 135	2 135	2 135	2 135	516		
R52 201 - R102 400					1 220	1 220	1 220	1 220	1 220	–		
R102 401 - R204 800					616	616	616	616	616	616		
R204 801 - R409 600					88	88	88	88	88	88		
R409 601 - R819 200					34	34	34	34	34	34		
> R819 200					28	28	28	28	28	28		
Poverty profiles (no. of households)												
< R2 060 per household per month	13				17 270	17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description	2											
Household/demographics (000)												
Number of people in municipal area					138 079	138	138	138	138	138		
Number of poor people in municipal area					66 264	66	66	66	66	66		
Number of households in municipal area					38 235	38	38	38	38	38		
Number of poor households in municipal area					24 595	25	25	25	25	25		
Definition of poor household (R per month)												
Housing statistics	3											
Formal					33 519	33 519	33 519	33 519	33 519	33 519		
Informal					4 716	4 716	4 716	4 716	4 716	4 716		
Total number of households			-	-	38 235	38 235	38 235	38 235	38 235	38 235	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-

tail of Free Basic Services (FBS) provid		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity	***Location of households for each type of FBS***									
Ref.	**Formal settlements - (50 kwh per indigent household per month R'000)**									
List type of FBS service	*Number of HH receiving this type of FBS*							42 746	42 746	42 746
	Informal settlements (R'000)									
	Number of HH									
	Informal settlements targeted for upgrading (R'000)									
	Number of HH									
	Living in informal backyard rental agreement (R'000)									
	Number of HH									
	Other (R'000)									
	Number of HH									
	Total cost of FBS - Electricity for in	–	–	–	–	–	–	–	–	–
Water	***Location of households for each type of FBS***									
Ref.	**(6 kilolitre per indigent household**									
List type of FBS service	*Number of HH receiving this type of FBS*									
	Informal settlements (R'000)									
	Number of HH receiving this type of FBS									
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
	Number of HH receiving this type of FBS									
	Total cost of FBS - Water for infor	–	–	–	–	–	–	–	–	–
Sanitation	***Location of households for each type of FBS***									
Ref.	**Formal settlements - (free sanitation service to indigent households)**									
List type of FBS service	*Number of HH receiving this type of FBS*									
	Informal settlements (R'000)									
	Number of HH receiving this type of FBS									
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
	Number of HH receiving this type of FBS									
	Total cost of FBS - Sanitation for in	–	–	–	–	–	–	–	–	–
Refuse Removal	***Location of households for each type of FBS***									
Ref.	**Formal settlements - (removed once a week to indigent households)**									
List type of FBS service	*Number of HH receiving this type of FBS*							28 152	28 152	28 152
	Informal settlements (R'000)									
	Number of HH receiving this type of FBS									
	Informal settlements targeted for upgrading (R'000)									
	Number of HH receiving this type of FBS									
	Living in informal backyard rental agreement (R'000)									
	Number of HH receiving this type of FBS									
	Other (R'000)									
	Number of HH receiving this type of FBS									
	Total cost of FBS - Refuse Remova	–	–	–	–	–	–	–	–	–

Municipal in-house services	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 851	9 851	9 851	9 851	9 851	9 851	10 501	11 152	11 810
		Piped water inside yard (but not in dv	10 902	10 902	10 902	10 902	10 902	10 902	11 622	12 385	13 116
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.serv	17 482	17 482	17 482	17 482	17 482	17 482	18 636	19 791	20 821
Minimum Service Level and Above sub-total			38 235	38 235	38 235	38 235	38 235	38 235	40 759	43 329	45 746
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
Below Minimum Service Level sub-total			–	–	–	–	–	–	–	–	–
		Total number of households	**38 235**	**38 235**	**38 235**	**38 235**	**38 235**	**38 235**	**40 759**	**43 329**	**45 746**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	11 313	11 313	11 313	11 313	11 313	11 313	12 060	12 807	13 563
		Flush toilet (with septic tank)									
		Chemical toilet	8 587	8 587	8 587	8 587	8 587	8 587	9 154	9 721	10 295
		Pit toilet (ventilated)	15 173	15 173	15 173	15 173	15 173	15 173	16 174	17 177	18 191
		Other toilet provisions (> min.service	2 690	2 690	2 690	2 690	2 690	2 690	2 868	3 045	3 255
Minimum Service Level and Above sub-total			37 763	37 763	37 763	37 763	37 763	37 763	40 255	42 751	45 304
		Bucket toilet	472	472	472	472	472	472	472	300	–
		Other toilet provisions (< min.service level)									
		No toilet provisions									
Below Minimum Service Level sub-total			472	472	472	472	472	472	472	300	–
		Total number of households	**38 235**	**38 235**	**38 235**	**38 235**	**38 235**	**38 235**	**40 727**	**43 051**	**45 304**
		Energy:									
		Electricity (at least min.service level)	1 009	1 009		1 053	1 053	1 053	1 040	1 040	1 040
		Electricity - prepaid (min.service level)									
Minimum Service Level and Above sub-total			1 009	1 009	–	1 053	1 053	1 053	1 040	1 040	1 040
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
Below Minimum Service Level sub-total			–	–	–	–	–	–	–	–	–
		Total number of households	**1 009**	**1 009**	**–**	**1 053**	**1 053**	**1 053**	**1 040**	**1 040**	**1 040**
		Refuse:									
		Removed at least once a week				10 508	10 508	10 508	11 705	11 705	11 705
Minimum Service Level and Above sub-total			–	–	–	10 508	10 508	10 508	11 705	11 705	11 705
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
Below Minimum Service Level sub-total			–	–	–	–	–	–	–	–	–
		Total number of households	**–**	**–**	**–**	**10 508**	**10 508**	**10 508**	**11 705**	**11 705**	**11 705**

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism Name of organisation	Yrs / Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
KPMG	Yrs	3	Internal Audit	05 January 2018	–
Mandeni Waste Services	Yrs	3	Refuse removal	30 June 2018	1 804
Prosecure	Yrs	3	Security	30 July 2019	5 900
Rural Metro	Yrs	1	Fire Brigade	30 June 2018	4 694
Conlog	Yrs	1	Smart Metering System	30 June 2016	450
Imfezi Security	Yrs	1	Cash in transit	30 June 2018	50
Brand Patners	Yrs	3	Animal Pound	31 December 2017	696

2.17 Municipal manager's quality certificate

I S.G.Khuzwayo, Acting municipal manager of Mandeni Municipality, hereby certify that the mSCOA annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr S.G. Khuzwayo

Acting Municipal manager of Mandeni Municipality (KZN 291)

Signature

Date 31st May 2017